

STAKEHOLDER RELATIONSHIPS IN THE NIGERIAN OIL INDUSTRY

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ABSTRACT

The discovery of oil in commercial quantities in the Niger Delta region of Nigeria in the 1950s has brought with it both benefits and consequences, with the latter purported to have resulted in violence as well as the loss of lives and properties (Hummels, 1998; Eweje, 2007). This study examines the nature of the relationships existing between stakeholders in the industry and the understanding of the connections between these relationships and CSR in the industry. This resulted in the choice of Social Contract and Resource Dependence theories to be used in harmony as part of the theoretical base for this study, as a further expansion of Stakeholder theory. The Social Contract theory helps to bring out the place of agreement in the maintenance of these relationships between stakeholders, with the resources being crucial in the determination of the power balance.

The study was a qualitative one that involved interviews and surveys amongst the different stakeholders that make up the industry (oil companies, host communities, NGOs, Experts). The data gathered was analysed using Thematic Discourse Analysis, with the aim of finding out how the words and phrases used by respondents gave an indication of their perceptions and actions in these relationships. This thesis results in the proposition of a Micro-System Perspective Model which asserts that different stakeholders start their relationships with each other with varying objectives that can only be achieved as outcomes, only if certain mechanisms are properly applied to these relationships. These mechanisms are resources, licences and agreements impact these relationships as reflected by the different features of these

relationships. This model also emphasizes the separation of the government from the relationship between the oil companies and the host communities and as a result can carry out its roles in the industry without bias. Also, the relationships between stakeholders in the industry are deemed to be dynamic in nature, as influenced by the use of these mechanisms by the different stakeholders in their interaction with each other.

The findings show that such dynamism is also caused by the management of these relationships through the CSR activities undertaken by the oil companies operating in the various parts of the region. As a result, CSR is viewed in the region as being a social obligation owed to the host communities by the oil companies. It is asserted that the definition and identification of stakeholders should not be based on their relationships with the firm (Freeman, 1984), but on their relationships with the industry and its resource which should be deemed the focal point. In line with this, the findings show that the salience of a stakeholder group is not just dependent upon their power, urgency and legitimacy alone as earlier purported by Mitchell et al (1997). On the contrary, these attributes together with the resources held by such stakeholders are crucial in deciding who controls these relationships between stakeholders.

This study makes significant contributions to knowledge, especially in relation to the advancement of stakeholder debate and theory. It proposes that stakeholders should be identified not just based on their relationships with the firm but a consideration of their control of the resources deemed crucial by other stakeholders. Such a relationship with the industry and its resource is deemed crucial in determining stakeholder salience, thereby leading to the call for

resources to be regarded as a stakeholder attribute in addition to urgency, power, legitimacy and proximity which is another contribution. The study also shows the different challenges and complexities of managing stakeholder relationships in the region that cause these relationships to be dynamic in nature. The proposal of a Micro System Perspective is another contribution as this has a direct implication for the Nigerian Oil industry and its impact on the different stakeholders involved in its operations.

DEDICATION

First, I would like to dedicate this work to the memory of my late mum, Rev. Mrs. Rhoda Damte who passed onto glory on January, 24th 1999 without seeing me go through all the stages of my higher education experience, especially this particular part of the adventure.

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LIST OF ABBREVIATIONS

BBC:	British Broadcasting Corporation
BP:	British Petroleum
BSc:	Bachelor of Science
CA:	Community Assistance
CCI:	Corporate Community Involvement
CD:	Community Development
CDPs:	Community Development Plans
CIA:	Central Intelligence Agency
CSR:	Corporate Social Responsibility
EIA:	Energy Information Administration
GDP:	Gross Domestic Product
GMOU:	Global Memorandum of Understanding
HND:	Higher National Diploma
IMF:	International Monetary Fund
JV:	Joint Venture
JVCs:	Joint Venture Companies
LDCs:	Less Developed Countries
MEND:	Movement for the Emancipation of the Niger Delta
MNDA:	Ministry of Niger Delta
MOCs:	Multi-national Oil Companies
MOU:	Memorandum of Understanding
MPN:	Mobil Production Company
NAOC:	Nigerian Agip Oil Company
NBS:	National Bureau of Statistics
NCE:	National Certificate of Education
NDDB:	Niger Delta Development Board
NDDC:	Niger Delta Development Commission
NDPVF:	Niger Delta People's Volunteer Force
NDSF:	Niger Delta Strike Force
NDSM:	Niger Delta Survival Movement
NDV:	Niger Delta Vigilantes
NGOs:	Non-Governmental Organizations
NNPC:	Nigerian National Petroleum Company
NPC:	National Population Commission

OEL:	Oil Exploration License
OML:	Oil Mining License
OMPADEC:	Oil Mineral Producing Areas Development Commission
OND:	Ordinary National Diploma
OPL:	Oil Prospecting License
PIB:	Petroleum Industry Bill
PLF:	People's Liberation Force
PSCs:	Production Sharing Contracts
QCA	Qualitative Content Analysis
SCD:	Sustainable Community Development
SPDC:	Shell Petroleum Development Company
SR:	Stakeholder Relationships
TDA	Thematic Discourse Analysis
TEPNG:	Total E&P Nigeria Limited
UN:	United Nations

CHAPTER I: INTRODUCTION

1.1 INTRODUCTION

This chapter gives an insight into the makeup of this study, which is concerned with the relationships that exist between stakeholders in the Nigerian oil industry and how these relationships are connected to Corporate Social Responsibility (CSR). Hence, the outline of the rest of the thesis is presented with the discussion of the study aim, objectives, the research questions and propositions as well as the scope and relevance of the study. In addition, the chapter presents the contributions of this study to the body of knowledge, while giving a synopsis of subsequent chapters.

1.2 AIM OF THE STUDY

This study is aimed at the examination of the nature of relationships between stakeholders in the Nigerian oil industry, considering that previous authors (Hummels, 1998; Frynas, 2001; Eweje, 2007) have purported that these are at their very lowest ebbs. This study is undertaken with the view that CSR could help in the improvement of the lives of members of the host communities in the region as well as subsequently impacting the relationships between stakeholders. This focus on the nature of these relationships influenced the choice of the qualitative methods used for both data collection and analysis, as these are deemed to give deeper insights about these relationships.

1.3 OBJECTIVES OF THE STUDY

In furtherance of the study's aim as stated above as well as better understanding of the issues identified as significant to this study, the following objectives were set to be achieved;

- To identify the stakeholders of the Nigerian Oil Industry as well as explore their salience in the context of this study.
- To understand the nature of stakeholder relationships, by examining the mechanisms driving them in this context.
- To understand the impact of Corporate Social Responsibility (CSR) on the nature of stakeholder relationships in the industry and vice versa.

1.4 RESEARCH QUESTIONS

In order to meet the overall aim of the study as well as achieve the above objectives, some research questions were drawn up with guidance from the gaps identified from the literature reviewed. There was an overarching question that was meant to be answered at the end of the study, with other sub questions that would elicit answers to aid the answering of the overarching question. The overarching question is,

What is the nature of the relationships that exist in the oil industry?

To further illuminate the answer to the above question, answers were sought to four other sub-questions as shown below;

- What are the features that impact the nature of the relationships in the context?
- How do stakeholder relationships and CSR activities affect each other in the industry?
- To what extent are dependencies established and are these determined by resource availability?
- How do agreements impact the nature of these relationships?

1.5 SCOPE OF THE STUDY

The findings of this study could be generalised to other industries and countries with similarities with Nigeria, however it is important to note the context within which this research was undertaken. The study was aimed at examination of relationships between stakeholders in the industry but considering the size of the industry, in terms of land mass and the number of stakeholders under study some stakeholders were chosen. The stakeholders chosen were companies (Chevron, Mobil, SPDC and Total E&P), host communities across four states (Akwa Ibom, Bayelsa, Delta and Rivers), experts and Non-governmental organisations. The oil companies were chosen based on their role as the top producing oil companies in the industry, as well as operators of the Joint Venture (JV) partnerships with the government. On the other hand, the host communities are in four different states where these oil companies have their major operations. The states chosen are the top oil producing states in the industry too and the relationships of the oil companies in the different states were examined thus; Chevron (Delta State), Mobil (Akwa Ibom State), SPDC (Bayelsa State) and Total E&P (Rivers State).

1.6 RELEVANCE OF THE STUDY

A previous study had identified that host communities were actually considered as stakeholders in the industry, but indicated that they might not be having very good relationships with the oil companies (Lebura, 2009). There have been previous works that presented the relationships between stakeholders in the industry to be strained (Wheeler et al., 2002), very volatile, violent and crises ridden (Eweje, 2007; Frynas, 2001). Hence, this work initially was started with

the motivation being to discover how good stakeholder relationships between stakeholders could drive community development via the enhanced practice of CSR by the oil companies. The use of enhanced means that the practice of CSR should be done in line with the urgent needs of the host communities as such improves stakeholder relationships as well as leads to community development.

This was approached by viewing the features of these relationships that the different stakeholders engage in as a way of achieving their different goals and objectives which could be deemed as benefits accruable to them. These benefits or goals can also be seen as the resources that are at the heart of the interactions between the stakeholders, making the ones controlling these resources to become very influential in their relationships with each other. In trying to achieve these goals or benefits for themselves by controlling these resources, the stakeholders apply strategies that they deem crucial in helping them secure these benefits. This involves having agreements with each other to manage their relationships with one another as these help to serve as a check on all stakeholders, so long as they all keep to the terms of their agreements. These thoughts led to the application of resource dependence and social contract theories to this study as a way of understanding the place of each of the theories in helping us understand the features of these relationships amongst stakeholders in the industry.

This study is deemed to help in improving the relationships between stakeholders in the oil industry, as an understanding of the features of their relationships with each other are brought to light. This could positively affect

their actions in relating with each other, thereby reducing the volatility and conflict in the region as the oil companies will be able to undertake CSR activities and projects that will better the lives of the people thereby improving the peace between them. The companies would be motivated to undertake these activities as a way of gaining and maintaining access to the critical resources that they require for their operations in the industry. The host communities on the other hand, will realise that the oil companies are not just to blame in terms of the underdevelopment in the region as the government is noted as not delivering on its basic duties and responsibilities making it difficult for the CSR activities of the oil companies to be felt by the people (Ite, 2006; Eweje, 2007). It is hoped that all these will help to illuminate the various issues that affect the relationships between these stakeholders, helping to bring about a win-win situation for all the stakeholders as they all get to achieve their goals by interacting with each other.

1.7 CONTRIBUTION OF THE STUDY TO KNOWLEDGE

This study has revealed an important distinction in the development of our ideas on stakeholders and their relationships by demonstrating that it is the relationships which hold the key to understanding how stakeholders behave in an industrial setting. A key contribution of this study is the proposal of a Micro-Systems Perspective Model as later presented in Chapter IV (see Fig. 4.4 on p.108), which posited that the different stakeholders involved in relationships with each other usually start such relationships with varying objectives. Such objectives are deemed to be achieved when the different mechanisms (resources, licenses, agreements) that facilitate the smooth operation of these

relationships are properly applied. This model is later used to assess findings from the data gathered and it showed that the objectives of the three major stakeholders in the industry were met only when there was proper application of the mechanisms that enable positive stakeholder relationships, as reflected in the key features. Also, the model proposes a separation of the government with its objectives, roles in the industry and outcomes from those of other stakeholders as it is deemed to function effectively when it plays an unbiased role in the operations of the industry. This will involve relinquishing the current shareholding structure present in the Nigerian oil industry, as later emphasized in the recommendations put forward by this study.

Also, this contribution could be linked to academia with regard to social contract theory in terms of the role of the government as an umpire or sovereign that does not have direct interests in the activities in the industry. This is deemed to be the case as it helps to eliminate bias on the part of the government in its administration and regulation of the industry. The position is that when a government has direct shares in an industry, as in the context of this study where the government has majority shares in Joint Venture partnerships with the major multinational then it affects its neutrality and objectivity in the industry. The theory is further enhanced by the finding which indicates that when this happens, it leads to an abuse of the trust reposed in the sovereign or government in this case.

Another contribution is that previously, stakeholders were deemed to hold two-way directional relationships with the firm (who acts as a central locus for the interactions) which ignored relationships between stakeholders. This study has

shown that, not only are these additional relationships important to the ways in which all of the relationships develop, but that in fact the central locus is the industry – i.e. the exploitation of oil resources – and that additionally the resource is central to the development of stakeholder relationships. Hence, this study has shown a novel and more accurate means of examining stakeholder relationships, which in turn will allow a greater understanding of both stakeholder relationships and CSR. In this way, the inclusion of resources as an attribute possessed by any stakeholder and thus contributing to that stakeholder's salience level expands the previous work of Mitchell et al (1997) on stakeholder salience.

The study also shows the different challenges and complexities of managing stakeholder relationships in the region that cause these relationships to be dynamic in nature. The application of the different mechanisms that enhance the operation of these relationships and the key features that exemplify them are deemed influential in creating dynamism in the nature of their outcomes, in terms of meeting stakeholder objectives. The use of these mechanisms when properly utilised and applied to the relationship results in beneficial outcomes that are reflective of cooperative relationships between the stakeholders involved. On the other hand, when these mechanisms are not used appropriately or if they are abused in any way, then they can lead to outcomes reflective of non-cooperative relationships between stakeholders. Also, these outcomes or benefits further impact on the features of these relationships thereby determining how such features are used by these stakeholders in their interactions with each other. The argument here is that as these relationships

are played out by the different stakeholders involved, the interactions between them further affect how each stakeholder meets its own needs or targets. All of these give an idea of what the nature of the relationships between stakeholders in the particular area of the region is, which could either be cooperative or non-cooperative.

In terms of CSR, the study has demonstrated important aspects relating to the expectations of stakeholders to CSR activities especially with regards to it being viewed as a social obligation owed by the oil companies. The host communities have higher expectations of the oil companies than is currently delivered by them; the delivery of more relevant CSR activities – informed by the needs of the host communities - would result in peace (or at least less hostility) within their areas of operation and so increase their profit. Hence engagement with host communities is critical, as is the importance of honouring the MOUs and GMOUs entered into by the oil companies. The impact of these agreements which are also regarded as mechanisms on stakeholder relationships can be far reaching if taken seriously, as well as very detrimental to operations in the industry if neglected. This again demonstrates how important the resource is, with the oil companies' survival and profitability threatened by lack of access to the resources. Thus this study has highlighted the need for relevant and timely formal and informal engagement with host communities to ensure that the oil companies can continue their resource extraction, while the communities are granted the community development that best suits their needs.

In sum, the study has integrated aspects of social contract theory, resource dependency theory and community development to evaluate how stakeholder

relationships develop in the oil producing areas of Nigeria in a way not previously seen. This has demonstrated that the centrality of oil as a resource can determine the ways in which stakeholders engage and interact, and that the nature of these relationships is multi-directional. Using CSR activities as a means to describe the relationships has revealed the practical nature of the interactions and the means by which stakeholder relationships can be enhanced. Hence the study has contributed both to the academic development in this subject area, but has some important practical contributions both to the economic success of the oil-producing regions and to improved social and environmental conditions within them.

1.8 OVERVIEW OF THE THESIS

Having discussed the basis and basics of this study in terms of what it intends to achieve, as in aims, objectives and research questions; what follows here is the overview of what the structures of the remaining chapters are. Chapter two discusses the Nigerian oil industry in context, looking at some information about the country, the industry itself and the oil companies that operate therein. This also includes a brief review of some of the CSR activities that have been undertaken by the oil companies and how these have impacted community development in the region.

Chapter three reviews the literature on CSR and stakeholder relations as a means of getting a grasp of the key themes and concepts within these areas, which are further discussed from different points of view. This process of the review of literature is continued in chapter four, though the focus in this chapter is on the various theories deemed to be relevant to gain deeper insight into the

features of these relationships. The views of authors on stakeholder, resource dependence and social contract theories are explored here with criticisms against them presented, while justifications are given for their applicability to this study. At the end of the reviews of both the main concepts, themes and theories relevant to this research, certain gaps are identified that aid the progression of the study. The attention is shifted in chapter five to how the researcher intends to undertake the gathering and analysis of data from the field in order to empirically answer the research questions of the study. This chapter also involved the justification of the various methods chosen, while indicating the researcher's philosophical disposition which influenced the choices made in terms of the methods used.

The next two chapters (six and seven) involve qualitative analysis of the data generated during the field work, with chapter six used to analyze the survey data while chapter seven concerns the semi-structured interviews data. These analyses were undertaken with the use of thematic discourse analysis, with some pictorial displays of the survey data in order to ease understanding of some aspects of the data. Following from this, the findings from the data were discussed in chapter eight with the major findings used as guide to undertake these discussions. Also, the literature reviewed earlier was used to further check the connections between them and the findings from the data to see areas of agreement and disagreement. Lastly, the thesis is rounded up in chapter nine with the summary of the research, noting the major findings, contributions and the major challenges or weaknesses that it might be deemed to have. This chapter also presents the implications of the study's findings for

both academia and industry, while giving ideas on areas for future studies as a way of enhancing the research area.

1.9 SUMMARY

This chapter has been used to lay out the plan for what this research process was all about as contained in this thesis, which is focused on the examination of the relationships between stakeholders in the Nigerian oil industry as located in the Niger Delta region. As a result, the discussion here has been about the motivations for the study, the aims and objectives as well as how the researcher intends to meet these objectives by seeking answers to certain research questions. The contribution of this study to the body of knowledge is clearly stated with an insight into the context which this study focuses on, while also giving a synopsis of the subsequent chapters of this thesis. The next chapter follows from where this chapter stops to give a background brief on the contextual issues relating to the Nigerian oil industry in the Niger Delta.

CHAPTER II: BACKGROUND OF STUDIES

2.1 INTRODUCTION

This chapter aims to give an insight into the contextual environment and factors of the geographical area where this study is carried out. Hence, the chapter discusses Nigeria, some key information about it and the oil industry that is based in the Niger Delta region of the country. The oil companies operating in the industry are also presented, with more information on the specific companies chosen for this study; while the four states that have been chosen

are also highlighted here. Finally, there is a discussion of the various efforts by both the government and the oil companies to improve the relationships between stakeholders in the industry. These have constituted contributions to community development and its activities, especially with regards to how the oil companies have been undertaking the practice of CSR in the industry.

2.2 BRIEF ON NIGERIA

The country was formerly a British colony up until 1960 when it gained its independence from London, though it fully became a republic in 1963. It has three majority ethnic groups such as the Hausa/Fulani, Yoruba and Igbo with other minority ethnic groups including all those in the Niger Delta region such as Ijaw, Urhobo, Itsekiri, Isoko, Ogoni, Ibibio, Ikwerre, etc. (CIA, 2012). The population of the country is put at 140,431,790 by the country's National Population Commission (NPC) from its 2006 census (NPC, 2010) while other reports indicate an increase in the population of the country. These other reports vary such as 158million by the World Bank (2012) estimate, 162.4million of the BBC (2011) estimate and over 170million by the July 2012 estimate of the CIA (2012). The above figures make the country have the double status of both most populous country in Africa (NY Times, 2012), and the most populous black nation in the world. It is bordered by Niger, Chad, Cameroun and Benin in the North, East, South and West respectively as shown on the map below (CIA, 2012).



Fig. 2.1: Map of Nigeria (CIA, 2012)

The National Bureau of Statistics (NBS) states that daily oil production as at the first quarter of 2012 was 2.35 million barrels per day (NBS, 2012), even as the country is regarded as the biggest oil exporter in Africa. It is reported as having the largest natural gas reserves in the continent (World Bank, 2012) as well as being the world's seventh largest exporter of petroleum products (Watts, 2008). The government is said to annually be in receipt of more than half of its revenues from the oil industry since the 1970s, with this rising to as much as 85percent of government revenues some years (Ross, 2003). It has been reported by the CIA (2012) that there is an over-dependence on the oil sector by the country and its leadership, with Ross (2003) arguing that in 2000, the country was regarded as the most oil dependent country in the world as it received 99.6percent of its export income from oil. However, all of that seems to be changing as reflected in the first quarter GDP growth of 6.17 percent, mainly

enhanced by non-oil sector activities as there was a decline in oil production within the period (NBS, 2012). According to the CIA (2012), in spite of the country's huge resources especially in oil, 70% of its population lives below the poverty line (less than 1 dollar per day) (2007 estimate), with 21 percent of the working population unemployed (2011 estimate). This data on the percentages of the population living below the poverty line and the unemployed reflect a high level of poverty all around the country.

2.3 THE NIGERIAN OIL INDUSTRY

There is high level of dependence on oil by the country, which accounts for 95% of foreign exchange earnings and about 80% of budgetary revenues and this makes the capital-intensive industry (CIA, 2012) very important in the affairs of the country. The very first exploration activities in the country started as far back as 1908, with the Nigerian Bitumen Company (a German entity) undertaking the initial operations in the Araromi area of Western Nigeria (NNPC, n.d.). However, it was not until 1956 that there was a discovery of oil in commercial quantities at Oloibiri in present day Bayelsa State, with its first major production and export capacity put at 5,100 barrels per day in 1958 (NNPC, n.d.). There has been an increase in production over the years, since the first commercial production in 1958 with the daily oil production as at the first quarter of 2012 recorded at 2.35 million barrels per day (NBS, 2012). Interestingly, production almost hit the 3million barrels per day mark in 2010 when it was 2.9million barrels per day (EIA, 2011) or 2.91million barrels per day (NNPC, 2012). It is estimated that over \$300 billion has been generated in revenues from the industry since the

commencement of oil exploration in commercial quantities (Douglas et al, 2004).

The oil industry is majorly run and controlled by the Nigerian National Petroleum Corporation (NNPC) in a joint venture which has multinational companies such as Shell Petroleum Development Company (SPDC), Mobil, Elf (Total E&P), Chevron, Texaco, Nigerian Agip Oil Company (NAOC) and Pan-Ocean as partner companies (NNPC, 2012). The NNPC as the concessionaire oversees the industry in a concession system with the Joint Venture Companies (JVCs) mentioned above through Production Sharing Contracts (PSCs); while these multinationals operate with other companies, especially the indigenous ones in sole risk or independent arrangements (NNPC, n.d.). The implication of these JV arrangements entail that the JVCs undertake the operation of the particular areas for which they are responsible on behalf of the government, while protecting the interests of the JV operators. This further means that while these operations are running in the industry, these multinational oil companies target the improvement of their investments in the industry, which guides their actions and activities therein. In protecting such interests of theirs, they also protect the interests of the government in the industry which is mainly represented by the revenue generated as shown earlier.

Idemudia (2009) asserts that these operations are guided by three types of licenses that are granted these oil companies by the NNPC, such as the Oil Exploration License (OEL), the Oil Prospecting License (OPL) and the Oil Mining License (OML). This study is carried out with the first four JVCs mentioned above being used to get answers to the research questions that will

help in the exploration of the relationships between stakeholders in the industry. The choice of these JVCs is based on their position as the highest producers in the industry, even though there are over 59 oil companies operating in the industry (NNPC, n.d.), 22 of which are very active, both multinational and indigenous (NNPC, 2012).

The SPDC has been operating in the country since 1937 as operator of the industry's largest oil and gas joint venture on behalf of the NNPC, while employing over 6000 direct employees as well as contractors through its operated companies (SPDC, n.d.). Mobil Producing Nigeria Unlimited (MPN) also known as Exxon-Mobil started operating in the industry in 1955 under the name Mobil Exploration Nigeria Incorporated and was incorporated as Mobil Producing Nigeria on June 16, 1969. It is a JV operator and the second largest oil producer that presently employs about 1900 employees, while priding itself as the only major oil company operating completely offshore; with no onshore production (ExxonMobil, n.d.). Chevron which is currently the third largest oil producer in the industry began doing business in the country in 1913, when Texaco products were first marketed in the country, but has grown to become one of the largest investors with an annual spending of over \$3 billion (Chevron, 2012). TOTAL E&P Nigeria Limited (TEPNG) was incorporated under the name of SAFRAP in 1962 and has grown to become the fourth largest oil and gas producer in the country, with 1,400 employees as at January 2010 (Total, n.d.).

2.4 THE NIGER DELTA REGION

This region regarded as one of the largest wetlands in the world as well as Africa's largest (Eweje, 2007) is situated along the coastal part of the country in

the south. It covers approximately 112,110km square of land (NDDC, 2004) which is home to a population of over 31 million people according to the 2006 National Population Census (NPC, 2010). It is made up of nine states that are hosts to different oil companies and their activities, spread across the South-South, South-East and South-West geopolitical zones of the country. These states include Abia, Akwa Ibom, Bayelsa, Cross Rivers, Delta, Edo, Imo, Ondo and Rivers, as depicted by the figure below.

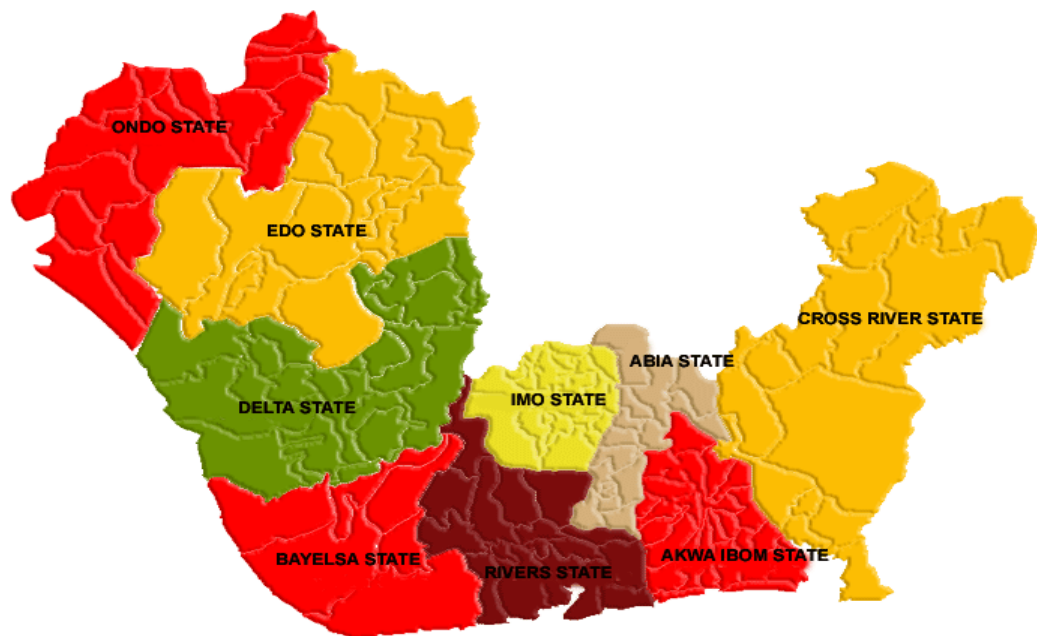


Fig. 2.2: Map showing states of the Niger Delta (NDDC, 2004)

The region is credited as being responsible for 95% and 80% of foreign exchange earnings and budgetary revenues respectively (CIA, 2012), with over \$300 billion dollars purported to have been generated from oil related activities and transactions (Douglas et al., 2004). Despite such a high contribution to the national coffers, the region remains one of the poorest and impoverished parts of the country, leading to a build up of anger in indigenes of the region (Ikelegbe, 2001). Government's lacklustre attitude to its responsibilities in the

development of the area is said to have put a lot of pressure on the oil companies operating in the region, as the host communities expect them to do almost everything for them (Eweje, 2007). As a result, the region is characterised by a number of issues such as unemployment, environmental degradation, lack of social infrastructures a high level of corruption; all of which have been claimed to contribute to the violence in the region (Idemudia, 2010). Another serious challenge faced in the region is the issue of gas flaring which was claimed by the NNPC in 2011 to cost the country \$2.5billion in lost revenues (EIA, 2011). It is noteworthy to point out that the government has severally fixed deadlines for stopping gas flaring with the latest one being December, 2012, but the researcher still found a number of these during field work as shown by the figure below,



Fig. 2.3: Gas Flare at an Oil Company's site (Author's Field Work)

The exploration of oil in the region for over 50 years which was meant to be a blessing seems to have become a curse as it has led to the neglect of the region (Ite, 2004). These long years of neglect has led to a volatile atmosphere of protests and agitations (Frynas, 2001), which has in some cases degenerated into conflicts and violence, even resulting in the loss of lives and properties in the process (Hummels, 1998; Eweje, 2007). There has been violence in different parts of the region with the most dramatic ones being the destruction of Odi and Odiana, crisis in Warri and the prolonged strife in Ogoniland which culminated in the death of Ken Saro-Wiwa and eight of his kinsmen (Watts, 2008). These years have also been characterised by attacks on oil installations and kidnappings of oil workers (Watts, 2008), with an estimate of over 250 of these kidnappings in the industry since 2006 (Davis, 2009). These kidnappings in the region in recent times have affected people of all levels, ranging from oil workers to private businessmen to government officials as well as their relatives (BBC, 2009).

These militant activities in the region have been carried out by different groups such as the Movement for the Emancipation of the Niger Delta (MEND), Niger Delta People's Volunteer Force (NDPVF), Niger Delta Vigilantes (NDV), People's Liberation Force (PLF), Niger Delta Strike Force (NDSF) and the Niger Delta Survival Movement (NDSM) (Malina, 2010). These ones are the major groups that are known to claim responsibility for different incidences over the years, with other smaller ones operating behind the scenes. These groups mentioned above started as gangs and cults that were used by politicians to

ensure that election results were favourable to them (Davis, 2009), showing the close connection between the industry and whatever happens to the politics of the country.

These militant activities in the industry resulted in a fluctuation of the production of oil between 1.7 million and 2.1 million barrels per day within the period (EIA, 2011). This fluctuation in oil production resulted in a decline in government revenue for as long as the crisis and instability lasted in the industry (Watts, 2008) which also negatively impacted the profits of the oil companies (Idemudia, 2010). In response to this, the government of President Musa Yar'Adua declared an amnesty for all militants in June 2009, giving them a 60 day window to lay down arms and embrace the programme being proposed by the government (Malina, 2010).

The communities in the Niger Delta region can be viewed from different perspectives, but this study deems the categorisation of host communities by Agim (1997 cited in Idemudia and Ite, 2006) to be very useful in giving us an idea of the communities as stakeholders in the industry. He categorised communities in the region as falling into three broad groups, which are Terminal, Producing and Transit Communities. Terminal communities are communities found along the coast who often have oil facilities and terminals sited in their communities as a result of the exploration of oil offshore. Producing communities refer to communities that have oil operations and explorations taking place within their environment on land (onshore). The Transit communities refers to every community that plays host to pipelines bearing oil related products despite not being regarded as either producing or

terminal communities. He also indicated that while these three broad groups of host communities do exist, there are others who do not fall into any of these but still claim to have a right to being heard and taken care of since they are located within the region where the industry is situated.

2.5 EFFORTS TO IMPROVE STAKEHOLDER RELATIONSHIPS

As a result of the strained relationships between the stakeholders in the industry, especially between host communities and oil companies (Wheeler et al, 2002), it became necessary that efforts be made to improve these relationships. Over the years, the government and the oil companies have made attempts at effecting a positive change in these relationships; the former through policies and interventionists agencies, while the latter engaged in more CSR activities.

The government has made several efforts at improving the relationship between stakeholders in the Nigerian oil industry through policies and establishment of relevant structures, with most of such efforts aimed at the development of the region and improvement of the lives of the people living there. The first attempt of such is credited to the recommendations of the Willink's Commission of 1958, which was set up to find out the grievances of the minorities (Douglas et al., 2004). Following the report of this commission, several interventionist agencies have been established to aid the improvement of these relationships; such as the Niger Delta Development Board (NDDB) of 1960, Oil Mineral Producing Areas Commission (OMPADEC) of 1993 and the Niger Delta Development Commission (NDDC) of 2000 (Ite, 2004). The NDDC was given the mandate of ensuring that the region is developed both in terms of infrastructure and human

capacity, which led to its production of the Niger Delta Regional Master Plan (NDDC, 2004). However, the commission has been criticised as not doing much with the resources (an estimated 3% of oil revenues) at its disposal since its establishment in 2000 (Smock, 2009). In addition to the NDDC discussed above, the Ministry of Niger Delta (MNDA) was created in September 2008 by then President Umaru Musa Yar'Adua to undertake the formulation and coordination of policies that will aid development and improved security in the region. This also involves the coordination of the activities of Agencies, Communities, donors and other stakeholders that have an interest in the development of the region (MNDA, n.d.). Another attempt by the government has been the restructuring of the industry through the Petroleum Industry Bill (PIB) which has been in the process of being passed into law for a few years now, as it is seen as able to increase local participation (EIA, 2011). The bill which was first forwarded to the National Assembly in 2008 for consideration was amended a few times before being sent back to the National Assembly by President Goodluck Jonathan in July 2012 for final deliberations and passage into law (Oni, 2012).

On the other hand, the oil companies operating in the region have over the years engaged in different CSR projects aimed at reducing the conflict in the industry as a way of improving these relationships. These CSR projects could be referred to as community development projects or initiatives and have been on the increase in recent times with the increased expectations by host communities from the oil companies (Idemudia, 2007). Eweje (2007) argues that since these developmental projects and social infrastructures are meant to

bridge the gap left by government inefficiency, they must be seen to meet social and economic needs defined by the local people. However, these CSR projects have been undertaken by these companies at various points in time in their history so could also be regarded as the stages or approaches of community development by oil companies operating in the Niger Delta.

The oil companies started engaging in these developmental projects by treating them as alms-giving, before changing to community development and presently adopting a partnership approach to how they practice CSR in the industry (Idemudia, 2010). According to Muthuri (2007), these could also be called Corporate Community Involvement (CCI) modes such as Philanthropic, Partnership and Multi-sector collaboration as they involve no community participation, little community participation and wider stakeholders' collaboration respectively. Similarly, Ite (2007) using the instance of the SPDC discussed three stages at which these projects were undertaken, which are Community Assistance (CA), Community Development (CD) and Sustainable Community Development (SCD). The oil companies at the stage of Community Assistance (CA) undertook projects having the posture of corporate philanthropists, making the host communities depend on the former for everything they needed for survival. This first approach failed as projects were not embarked upon in consultation with the host communities, so the oil companies decided to use the Community Development (CD) approach. This was aimed at reducing community dependence on the oil companies, hence interactions with communities to produce Community Development Plans (CDPs) reflecting their specific and critical needs. The next stage was the use of the Sustainable

Community Development (SCD) approach which involved getting better synergy and partnership between the oil companies and the host communities, as a way of making these developmental projects more sustainable. This last stage also involved a broader range of stakeholders such as other corporate bodies, civil society groups, NGOs, government agencies and international organizations. Muthuri (2007) argues that this last stage tends to achieve better results because there is proper coordination and structuring of the various initiatives or projects agreed on by the partners making it more sustainable.

The different stages or approaches of community development as proposed by the authors above are similar to each other, but it seems that the final ones which are Multi-sector collaboration (Muthuri, 2007) and Sustainable Community Development (SCD) (Ite, 2007) are more developmental of all. This is attributed to the incorporation of major stakeholders into the partnerships set up and there seems to be an agreement by the business community that any development that will have a lasting impact on the communities which they are targeted at must be one that has as actors Governments, Civil Society and Business (WBCSD, 2010).

There are different CSR activities or initiatives that have been carried out over the years by the oil companies as a way of contributing to community development in the region to reduce poverty and the impoverishment felt by members of society. It is noteworthy to point once again that these are primarily the responsibilities of government, but its failure to meet up with these have left them unattended (Okafor, 2003 cited in Idemudia and Ite, 2006). Some of these CSR activities, projects or initiatives undertaken by the oil companies to make

up for government lapses have been identified by different authors and a few of these will be looked at here.

A range of these initiatives are identified by Eweje (2007), such as the improvement of health care which includes the building of clinics and the provision of drugs, development of education via scholarships and the building of social infrastructure. Ojo (2009) added to the list such initiatives as youth development schemes, capacity building, football and sports, legal aid and human rights, conservation and environmental protection, skills acquisition and economic empowerment. Idemudia (2009) in reviewing efforts by companies aimed at poverty reduction in the Niger Delta region of Nigeria, agreed with most of the initiatives put forward above by Eweje (2007) and Ojo (2009), but added agriculture to the list. The various initiatives or projects mentioned above by these authors will be briefly explored with all the aspects that they encompass discussed.

Social and Basic Infrastructures These include the construction of roads, provision of water, construction of market stalls and provision of electricity. In addition to these, community halls and civic centres were built and equipped (Ojo, 2009) for the communities to use for their meetings and other social functions.

Education This seems to be one major area that funds have been injected into as funds are meant to take care of the provision of teachers who are paid directly by the companies, scholarships that are awarded to members of the communities, and the building of classrooms (Eweje, 2007). In addition, there is

the donation of science equipments to the schools as well as financial assistance to teachers as incentives to encourage those who agree to teach in the rural areas (Idemudia, 2009). Among the equipments donated were also computers that aided the students in the region with their studies (Ojo, 2009).

Empowerment This is mostly in the area of skills acquisition and development which is perceived to be responsible for empowering the people and giving them the economic capacity that they need. Eweje (2007) lists the areas covered as training of women to acquire skills in soap and pomade making, sewing, hairdressing and catering. He also added micro credit and business development schemes to the areas of empowerment undertaken by these firms, because these enhance self-employment. Idemudia (2009) adds carpentry to the list, but is fast to note that the microcredit schemes are usually in the form of loans given to members of these communities as a way of setting them up after they have completed their skills acquisition programmes. These loans are given at lower interest rates and are expected to be repaid over time by the recipients.

Sports This is one area that companies have focused on as part of their contribution to community development, as Ojo (2009) points out that this is mostly carried out by the companies to discourage youth restiveness. This also encourages the youths to combine their sports and athletic skills with their education and by so doing become useful to their families and the community at large.

Human power and Capacity Building This aspect of community development which can be linked to social capital as hinted by Labonte (1999) is seen to be

very crucial to making any developmental effort permanent. This is attributed to its concern with the development of the human factor, which is actually crucial to making sure that every other aspect of community development is sustained and maintained. This could be confused with education which has been looked at above, but they are quite different from each other. The major difference could be the fact that while education talks about making the people attend schools; this is focused at making the people have the attitude and skills needed to be successful in whatever area they venture into. Ojo (2009) also highlights that the provision of employment opportunities to skilled and unskilled members of the host communities have been undertaken by the oil companies.

Healthcare It is generally said that health is wealth, so it is not surprising to find that this is included in the areas of community development that companies pay attention to. Idemudia (2009) stressed that there has been a lot done to improve health care delivery to the communities, covering partnerships with international organisations to help improve the services previously delivered to the people, renovation and construction of health centres and clinics, and donation of medicines and equipments lacking in these health centres. Ojo (2009) also indicates that they provide land and swamp mobile clinics, ambulances, and collaborate with government and civil society to sensitize the people about reducing the spread of diseases like Malaria and HIV-Aids.

Other areas that were also identified as being part of the initiatives by firms in these communities include legal aid and human rights, agriculture and conservation and environmental rights. Though these were not discussed in detail above, they seem to have also contributed to community development

even if not at the same level with some of the areas given more attention. It is also noteworthy to point out here that the initiatives or projects presented above are actually referred to as CSR activities undertaken by the oil companies operating in the industry.

2.6 SUMMARY

This chapter has presented contextual information on the Nigerian oil industry, while highlighting some key facts and figures about the country as a whole. In discussing the industry which is regarded as being the heart of economic activities in the country, the oil companies and the host communities that make up the major stakeholders in the industry have been briefly discussed. The host communities in the region have been presented as engaging in protests and violent activities as a way of expressing their grievances with the oil companies for a supposed lack of attention.

There is an indication that this has resulted in a strain in the relationships between these stakeholders (Wheeler et al, 2002), within the over five decades of oil exploration in the country. However, there have been attempts by the government and the oil companies to make these relationships work leading to the various steps highlighted above being taken by these stakeholders. Sequel to this brief on the context which this study focuses on, the next chapter involves a review of literature on Corporate Social Responsibility (CSR) and Stakeholder Relationships.

CHAPTER III: LITERATURE REVIEW

3.1 INTRODUCTION

This chapter undertakes the review of prior studies carried out on the two major concepts that are instrumental to the direction of the study, which are Corporate Social Responsibility (CSR) and Stakeholder Relationships (SR). The reason for this approach in the review of the available and necessary literature is the belief that what a stakeholder's actions with regards to CSR will be is dependent on its understanding of what the concept means (Votaw, 1972). Also, the assumption is that the kind of relationship that same stakeholder has with other stakeholders will be decisive when the issue of CSR calls for attention and this underlines the review of literature relating to these concepts in this chapter.

3.2 CORPORATE SOCIAL RESPONSIBILITY

There has been an array of definitions of what the concept of Corporate Social Responsibility (CSR) really is, but there is yet to be an agreement to a universally accepted meaning of it. It has been regarded by Pedersen (2006, p.137) as “one of the buzzwords of the millennium” based on its popularity over the years, even as more firms and individuals have become aware of it. However, it is still regarded as unclear and lacking coherence (Amaeshi and Adi, 2007), making it a concept that means something but might not mean the same thing to everyone (Votaw, 1972). It is asserted that its meaning to a group of people in a certain setting at a particular period in time could differ either greatly or slightly from another scenario (Abdul-Rashid & Ibrahim, 2002). This leads to diverse responses from different nationalities ranging from environmental issues to empowerment of local communities (Blowfield & Frynas, 2005). Similarly, it could mean different things to members of society, civil society groups, practitioners within business and academics respectively; which could be the reason why there is a multitude of definitions on the subject. There has also been an assertion that this lack of a definition acceptable to all has resulted in the absence of a solid and well developed consensus that can give a basis for action (Henderson, 2001). There has been an evolution of the concept over the years, regarding not just its definition but also its practice and the motivations for such, as well as if firms should be compelled to adopt it or not. Such an evolution can be seen as not being too good as it means there are diverse views as to what the concept means (Votaw, 1972), but this has also enhanced the debate in the area leading to its growth.

3.2.1 CSR as a concept

The diversity of definitions in the area led Burchell and Cook (2004) to sum them up by concluding that all of them could be broadly grouped into four approaches in terms of their view of its practice by businesses. The first refers to the definitions that emphasize the aspects of CSR as being for economic advancement and gaining of competitive advantage. The second and third approaches discuss the use of CSR as strategy to improve the company's links with local communities and its damaged publicity respectively. The fourth and final approach is focused on the identification and management of stakeholders, which includes relationships between them and the firm. According to Carroll (1979) there are four main legs upon which the concept stands and these are economic, legal, ethical and discretionary expectations of society from business at every point in time. This means that business should be concerned with meeting its economic objectives of profit-making, doing so within the confines of the law, and also going as far as being sensitive to the effect or impact of its activities on society. Over the years, there has been a focus on the latter part of this definition even as Egels (2005) regards it as both elaborate as well as the most influential of all the definitions by authors. This four-part definition is regarded this way as a result of its break down of CSR in terms of the expectations of accommodating all the economic, legal, ethical and philanthropic responsibilities of business.

The reference by Egels (2005) to Carroll's (1979) definition as being elaborate can be right as the latter's definition covered the four main sides to the operations of a firm, though it might not be the most influential definition so far

as claimed by the author. These four sides to the responsibilities of business could be said to represent the interests of shareholders, the government and societal stakeholders, which could explain why it is deemed comprehensive enough. In addition, it also addresses the debate over whether its practice should be mandatory according to the law or voluntary based on the economic, ethical and philanthropic dispositions of the firm in question. On the other hand, Mintzberg (1985) in discussing who should control the corporation pointed to the fact that the practice of CSR by a company will be dependent to a great extent upon who controls the firm. Egels (2005) opines that the various responsibilities listed above could be viewed from three perspectives, which are those of the shareholder, stakeholder and society.

In disagreement with the need for CSR, Friedman (1970) posited that the only responsibility of business is to the shareholders, in terms of the maximisation of wealth; which supports the idea of business being wholly about shareholder value. He refers to any diversion of a firm's resources to social programmes, charity and other non-profit generating activities, as being a tax on consumers and investors. Such a tax supposedly reduces the total wealth and satisfaction of society (Knox et al, 2005). In spite of the multitude of attacks that Friedman's work has attracted since it was published in 1970, it is important to note that the same article had within it what seemed to be a caveat. The caveat was the proposition that maximising wealth is the primary and only focus of business so long as such is done within the confines of the law. An indication is given that while businesses are expected to make profits for their owners; they must do so within the legal expectations of society which could vary from place to place.

Also, one can argue that if the process of increasing shareholder wealth involves undertaking CSR activities, then the firm is allowed to do so.

This brings to the fore the issue of government and its role in making businesses act legitimately in any part of the world, because businesses will continue to do whatever they can to ensure that they maximise profit. As a result, it becomes expedient that government should ensure that it puts in place regulations that will ensure companies' compliance, while enforcing regulations in areas where they are already in existence. This further indicates that Friedman (1970) had implicitly touched on stakeholder relationships when he asserted that undertaking any form of social responsibilities aside from the maximisation of wealth for shareholders was tantamount to stealing from the shareholders and employees in order to satisfy society. He implied that shareholder and employee relationships should be maintained by the firm, because that is the only reason why it exists. This is also reflected in Freeman's (1984) broad categorisation of stakeholders which included shareholders and employees.

3.2.2 CSR as required by society

Despite Friedman's (1970) opposition to the idea of CSR, the concept has become very popular over the years with authors arguing that it should be undertaken based on the requirements of society. As far back as the middle of the eighteenth century, Bowen (1953) noted that the concept concerns the valuable nature of societal requirements in the determination of how business pursues policies, takes decisions or acts. The emphasis from this definition seems to be that the concept gives the power of determination of what is

deemed important to society, even with regards to business decisions and actions. The views of society are deemed very crucial as these companies exist to attend to the needs of society and these needs must be met to the satisfaction of the latter, leading to a social contract between both parties which must be respected (CED, 1971). This proposition is deemed by the author as correct, since companies aim to satisfy customers in order to make profit for shareholders who are all members of society. Hence, it could be argued that without the satisfaction of such members of society who patronise and support the firm with their resources, the latter will be out of business. The supposed social contract has also been referred to as the licence to operate (Newson and Deegan, 2002; Fombrun and Foss, 2004), indicating that business operation in an environment and its success depends to a great extent on society's blessings and cooperation. CSR is also seen by society as an attempt by business to make up for the adverse impact of its operations on society and its occupants (Fitch, 1976). The actions, policies and decisions taken by businesses may be aimed at achieving economic success and profit-making, but must also be made with considerations for the interests of society and those that live therein (Dodd, 1932; Davis, 1960).

3.2.3 CSR as practiced by business

On the contrary, other authors such as Kotler and Lee (2005) insist that the practice of CSR should be voluntary leading to their definition of the concept as the improvement of societal well-being through discretionary practices and contributions of corporate resources. In support of the perception that business should be allowed to voluntarily undertake CSR as a business decision,

businesses are advised not to limit their decisions to just considering the compatibility of responsibilities with profitability; but they should rather start looking at the conversion of such social responsibilities into opportunities of business (Drucker, 1984). It is further argued that the only way that businesses can benefit from the practice of CSR is to make it a part of their strategy and by so doing strengthen their competitive advantage over their competitors (Porter & Kramer, 2006). The concept could also involve a company's integration of social and environmental concerns into its business operation as well as discretionary maintenance of a relationship with its stakeholders (EU, 2001). The World Bank (2005) tends to agree that CSR should be voluntarily undertaken by business so long as it meets its primary financial obligations, but notes that it should be undertaken to result in mutual benefits for both the firm and others. These views are in support of CSR being discretionarily undertaken by the firm as a means of improving its competitive advantage and economic benefits.

Considering that all businesses are primarily established for economic reasons, Moir (2001) insisted that despite the various arguments both in favour and against the practice of CSR, it will be dependent on what economic perspective or view that the company has. He expatiates this by stating that firms with neo-classical perspectives will view CSR as being summed up in the payment of taxes and the provision of employment. On the other hand, companies that are more socially inclined will be keen on contributing their quota to reducing societal problems, irrespective of their role in creating such problems. However, it must be noted that in carrying out such CSR responsibilities, there must be a

realisation by the parties that nothing can be done outside of the resources available to the parties involved; financial and otherwise (Eweje, 2006). This places resources as being critical in how well a company undertakes the practice of CSR, as it can only do as much as its resources would permit.

3.2.4 CSR and Stakeholders

Aside from the argument of how CSR should be practiced, other scholars (Davis and Blomstrom, 1966; Walton, 1967) think that the concept is beyond ensuring that shareholders get their dividends as purported by Friedman (1970). Davis and Blomstrom (1966) were of the opinion that it is important for business to take seriously the impact of its actions and decisions on others outside of itself. Walton (1967) emphasised that the concept concerns the intimate relationships between societies and the corporations that operate within them, which is something that managers of firms must consider as their bid to achieve organisational goals and objectives. According to Maak (2007), there will be no CSR without the building of enduring and mutually beneficial relationships with relevant stakeholders. This definition makes it very clear that such relationships built with stakeholders must be long-lasting and beneficial to all parties involved, which is not just any group but those who are considered important by the firm.

Also, it could be seen from the perspective of the cooperation between business and society in ensuring that they take the right actions in trying to protect and improve the welfare of all parties involved (Eweje, 2006). This position places responsibility with both firms and the societies within which they operate as stakeholders that should work in harmony to get the best outcomes for everyone. In general, the adoption of CSR maybe seen as a good business

practice but Andrioff and Waddock (2002) insists that its successful implementation depends on the support of stakeholders, through the different formal and informal relationships developed with the latter that further convinces them of the former's strategic direction. These relationships are a function of stakeholder engagement, which is referred to as CSR in action by Lindgreen and Swaen (2010) as it helps businesses undertake CSR in mutually beneficial ways.

3.2.5 CSR and Community Development

The practice of CSR has been deemed responsible for community development in the Less Developed Countries (LDC) as a result of the lacklustre performance of government machineries in these countries (Ite, 2006). This has resulted in low standards of living for people residing in these parts of the world who are used to lacking access to the needed infrastructure, or broken down ones where there is a sign of such infrastructure (Ite, 2004). Consequently, the companies (especially multinationals) operating in these countries are expected to undertake or assist in the provision of the needed infrastructures (Eweje, 2006; Idemudia and Ite, 2006). Some citizens even erroneously expect that everything about development should be driven by the companies, since they are supposedly making all the money from these countries. Labonte (1999, p.432) describes community development "as the intentional efforts of states and other institutions to improve the lives of the least well off". However, community development is not meant to be left at the hands of governments alone, but the responsibility of societal actors who together are involved in solving societal problems (Kooiman, 1999; Moon, 2002). These societal actors

must be able to work together for the purpose of improving the well being of their communities (Kenny, 2011). The idea of donors and recipients is discouraged by all actors as they pursue diverse ways of working together in order to provide solutions to the problems or challenges that confront them (Wilkinson, 1991).

On the other hand, it is referred to as the product of the collaboration between the different societal actors which leads to the provision of social infrastructure and social welfare (Eweje, 2006; Idemudia, 2007). Eweje (2007) also views community development as meeting locally defined social and economic goals, in the form of developmental projects and other social infrastructures that are most times not in place in these countries. There seems to be an emphasis on the infrastructural aspect of this definition, but Muthuri (2007) argues that it is concerned with the improvement of the capacity of all actors to do things, at individual, organisational and societal levels. Idemudia (2007) agrees, asserting that it is aimed at the improvement of the socioeconomic and cultural conditions of the community which results in raising the competence level of people within such communities making them able to contribute to national development.

There has been increased interest shown by companies (especially multinationals) in response to the expectations placed on them by society as evidenced by increased spending on community development (Idemudia, 2007) through their CSR activities and projects. These have been in areas such as sponsoring scholarships, building of classrooms, building of hospitals and clinics (Eweje, 2007); empowerment and skills acquisition schemes (Ojo, 2009), donation of educational equipments (Idemudia, 2009) as discussed in Chapter

two. However, in spite of the increased spending towards community development by these companies, there is still the belief by some authors that they are not doing enough (Frynas, 2005; Akpan, 2006). In disagreement, Eweje (2006) and Ite (2007) insist that these companies might not be doing enough as argued by other authors, but they are making considerable contributions to community development. The lack of visibility of the impact of these companies' CSR activities on community development could be attributed to Wilkinson's (1991) earlier argument that the idea of donors and recipients must be abandoned for it to succeed. This is because it should be hinged on the people's collective identification of their challenges, the development of plans and goals as well as the gathering of resources to tackle such issues (Minkler, 1990). This must be done considering that community development is crucial in bringing about a good stakeholder relationship between the stakeholders in the society, especially the companies and their host communities (Eweje, 2007). Despite the disagreements about who should undertake community development and in what forms, there is an indication of it being focused on the improvement of the lives of societal actors or stakeholders.

There seems to be a general agreement by most of the authors (Labonte, 1999; Eweje, 2006; Idemudia, 2007; Muthuri, 2007; Kenny, 2011) reviewed above that community development is not just about a people being economically better off, but having the ability to decide what direction they want to take to become developed. This they cannot do alone and so need the support of other actors in society, such as the government and businesses as entities that benefit from the development of the people both as individuals and as groups. This can

mostly be appreciated from the perspective of empowerment, education and increased social capital as possessed by the people. Government gets better public servants (both civil and political), while business has access to brighter brains and people who can impact its operations in a value added way.

3.2.6 Perspective of CSR taken for this Study

The definitions reviewed above indicate that there is not yet a single definition of CSR that is generally accepted by all, regardless of the concept being viewed as one of the most popular concepts in business discourse (Matten et. al, 2003). On the one hand, while the popularity of the concept could be seen as one that should make for a quick identification of a generally agreed definition, it could also be seen as being responsible for the yet to be attained globally accepted definition. Nevertheless, Ojo (2009) argues that despite the lack of a common definition of what the concept is, there is some agreement amongst authors that it is used by businesses to direct their impact on society in a positive way.

In the researcher's view, following from the literature reviewed so far, the perspective of CSR taken for this study is one that hinges on a voluntary undertaking of community development activities which have become social obligation on the part of the oil companies (Eweje, 2006, Idemudia & Ite, 2006). The literature from the area shows that CSR in the context of this study has moved from being philanthropy to a multi-sector collaboration (Muthuri, 2007) and from Community Assistance to Sustainable Community Development (Ite, 2007). This development of CSR in the region has further affected how the different stakeholders in the area interact with each other, considering the view

of Carroll (1979) which regarded CSR along the discretionary expectations of society. This gives further credence to the perspective of CSR now being deemed as a social obligation of the oil companies to the host communities by the latter as a result of the prevalent underdevelopment in the area. It is also noteworthy to point here that though it is viewed as voluntary there seems to be some benefit in undertaking it, as Burchell and Cook (2004) have indicated that it can also be part of a company's business strategy. This would be targeted at the improvement of its links with the local communities through the identification as well as management of stakeholders. This indicates that it could be adopted by the oil companies in the region as a way of obtaining more from their relationships with stakeholders that they interact with in the region. However, this can only be done when CSR is treated as a part of the company's business strategy (Porter & Kramer, 2006) which makes it very crucial in the maintenance of the social license to operate controlled by members of the host communities. This interaction for maintenance of the social license to operate further impacts the relationship existing between the firm and its stakeholders, as reviewed in the next section.

3.3 STAKEHOLDER RELATIONSHIPS

This section examines the debates surrounding the stakeholder concept and how it has evolved, so as to develop an understanding of stakeholder relationships from the work of other scholars. In order to review this topic, this section will undertake to understand who the stakeholders really are, before identifying what attributes allow them to enjoy such a position. This will be followed by a discussion of the interaction between different groups of

stakeholders, resulting in the review of some of the different practices that make up stakeholder relations. This has become an increasingly discussed topic in the discourse of the relationship between business and society (Freeman and Reed, 1983; Freeman, 1984; Clarkson, 1995; Donaldson and Preston, 1995; Mitchell et al, 1997; Agle et al, 1999; Jonker and Foster, 2002; Jamali, 2008; Fassin, 2009; Du, Bhattacharya and Sen, 2010).

To a great extent, this has been attributed to the work of Freeman, especially in his seminal work of 1984 entitled *Strategic Management: A Stakeholder Approach* where he derived a stakeholder model as a replacement for the economic model or managerial model of the firm (Jonker and Foster, 2002). The economic model focuses on the relationship between producers (owners) and consumers, and is governed by market forces and rationality (Friedman, 1962). This model emphasizes wealth maximisation based on contractual duties (financial) entered into with the owners of the firm, who are the stockholders or shareholders (Brenner & Cochran, 1991), so focuses on the internal environment comprising the employees, suppliers and shareholders (Jonker and Foster, 2002). Such focus of the previous economic model on the internal environment with less concern for the external environment led to the proposition of the stakeholder model by Freeman (1984). The novelty of Freeman's (1984) seminal work lies in the discussion of stakeholders as being important to the firm and its operations, contrary to the earlier views of shareholders' value maximisation as posited by Friedman (1962). This new approach to the discussion of the firm's responsibilities led to an expansion of stakeholder discourse, resulting in an advancement of the area as reflected by

the diverse topics covered ever since by different authors, some of which are highlighted in this section.

3.3.1 Who are Stakeholders?

One major issue that has attracted so much debate within the area has been that of a proper definition or description of who can be called a stakeholder and this is deemed critical to any progress in the area, especially with regards to theoretical developments (Phillips and Reichart, 1998). Stakeholders have been variously called different names by different authors, including influencers, claimants, constituents, interest groups (Freeman and Reed, 1983; Starik, 1994). A proper definition has become necessary because it is deemed very crucial to the development of the area, as nothing can be done unless this particular step is taken to identify the stakeholders (Fassin, 2009).

This attempt to define who stakeholders are has even led to different categorisations and groupings of stakeholders (Mitchell et al, 1997; Phillips, 2003b; Fassin, 2009). Freeman (1984) in proposing his model incorporated some other stakeholders that were not originally given a place among stakeholders of a firm such as the government, communities, and pressure groups (this is further explored in Chapter IV, Section 4.2). Despite all the compliments given to Freeman (1984) about this proposition, Jonker and Foster (2002) argue that the former did not suddenly make a discovery of these stakeholders but that these have been there only that they had been neglected. Cummings and Patel (2009) agree with the all inclusive categorisation of stakeholders but regard customers, employees, community, shareholders, and suppliers as the most important to the firm by virtue of their direct role in the

achievement of the firm's goals, which they exhibit in diverse ways. These include the purchase of goods and services by customers; the participation of employees in the process of satisfying customers; the role of the community in ensuring the availability of the environment and sometimes the resource required; the provision of finance by shareholders as investors; and provision of the materials needed, both raw and otherwise by suppliers.

Freeman and Gilbert (1988, cited in Starik, 1995) argued that beyond any other criteria used, stakeholders are partners whose futures and stakes are intertwined, hence stakeholders are more than just humans. Driscoll and Starik (2004) agreed that the natural environment is a primary and primordial stakeholder of the firm based on proximity to business, while Mitchell et al (1997) disagreed because of the natural environment's dependence on other stakeholders to exert influence on the firm. Phillips and Reichart (2000) maintain that only humans should be considered as potential stakeholders because they are the only ones capable of partaking in an interaction that can benefit all parties involved. This view is seen as very influential in this study as it brings out the place of interactions between stakeholders as they aim to protect their various interests, though the environment could be deemed a stakeholder as represented by humans. This means that without such interactions with the stakeholders the firm would be without meaning or definition, leading to it being unable to carry out operations (Nasi, 1995). The views here aim at emphasizing the role of stakeholders and their interactions with the firm in the achievement of the latter's goals and objectives, which makes the former very crucial to the existence of the latter.

Others regarded stakeholders as those groups without whose support the organization would cease to exist (SRI, 1963; cited in Freeman, 1984, p.31; Bowie, 1988). Such identifiable groups can affect or be affected by the achievement of an organisation's objectives, thereby making the firm dependent on them for its continued survival (Freeman and Reed, 1983, p.91). On the contrary, it is argued that the dependence of the individual or group on the firm for the achievement of its goals is actually what makes it a stakeholder (Rhenman, 1964, cited in Nasi, 1995). There is agreement by Ahlstedt and Jahnukainen (1971 as cited in Nasi, 1995) on the importance of dependence in stakeholder discussions, though they regard it as reciprocal which could even be for the protection of the group. The debate over who depends on the other in the relationship between the firm and its stakeholders seems to be in favour of the firm, but it should be noted that it is actually an issue of inter-dependence on each other (Frooman, 1999; Froelich, 1999). Such dependence is determined by the needs of either the stakeholder in question or the firm, in terms of how critical such needs are viewed by the other party. This is deemed key for this study, as no one continually depends on the other since the demands and needs of each party changes over time making firms and their stakeholders to rely on each other.

Freeman (1984) presented what is taken till date to be a classical definition of a stakeholder when he posited that the term referred to any group or individual who can affect or is affected by the achievement of the firm's objectives. This definition despite the level of debate it has continued to generate has helped in the stimulation of different thoughts with regards to a definition of a stakeholder,

even though it neglects the objectives of the stakeholders. According to Clarkson (1994), any group that bears some form of risk or is placed at risk as a result of its investment in a firm's activities is a stakeholder. It is argued that without the element of risk an individual or group cannot claim to be a stakeholder, because it will have no stake which is something of value that can be lost, either human or financial capital. There is the tendency that stake or risk will be mistaken or viewed mainly in monetary or financial terms, possibly based on the understanding that people easily identify with issues once quantified as such. However, it is noteworthy for the author to state that while this is the case, what is being referred to here as a stake does not necessarily have to be financial even as Freeman (1984) had earlier used stake interchangeably with interest. Carroll (1996, p.73) proposed that a stake is an interest or a share in an undertaking and its importance lies in being valuable to its holder, as well as carrying some risk of being lost with it. The proper and widely acceptable definition of what constitutes a stake is deemed central to the development of stakeholder theory and that remains a challenge (Rowley, 1997; Wolfe & Putler, 2002).

Acknowledging this challenge within the area, Freeman (1984) indicated that stakes can be categorized into three broad groups known as equity, economic or market and influencer stakes. Equity stakes are held by stakeholders who have some level of direct ownership of the organization, such as stockholders, directors and others within this group. The economic or market stakes are held by stakeholders having an economic interest yet they lack ownership interest in the firm, such as employees, customers, suppliers and competitors. Those that

hold influencer stakes are not in possession of either ownership or economic interests, such as consumer advocates, environmental groups, trade organizations and government agencies. This categorisation makes it obvious that a combination of interest and influence determine the kind of attention given to the different stakeholders, explaining why it is widely believed that only those with equity stakes truly have stakes in a firm. This further explains the narrowing down of stake to financial risk only, though Wolfe and Putler (2002) stated that the holders of equity and economic stakes are driven by their self-interest with respect to the firm's stock price and job security respectively; while the holders of influencer stakes are motivated by their interest in the good of society at large. In spite of these various types of stakes and the different groups or individuals that hold them, it is purported by Kotter and Heskett (1992) that managers pay serious attention to those that hold stakes in their firms or businesses.

There have been other definitions given based on different factors such as claims of a contract with the firm (Cornell & Shapiro, 1987); legitimate claim (Hill & Jones, 1992); legitimate interest in the firm (Donaldson & Preston, 1995); ability to influence the firm (Savage, 1991; Carroll, 1993; Starik, 1994); and responsibility (Alkhafaji, 1989). However, stakeholders may possess the potential abilities to influence the firm, but must use such in their relationships with the firm (Brenner, 1995), such abilities could be the resources that they exchange in their interaction with each other (Hill & Jones, 1992). This implies that it is not enough for an individual or group to legitimately claim to be a stakeholder if it lacks the ability to impact the firm when necessary, which could

be in the form of managing access to the resources deemed critical by the firm to its operations.

Such ability to impact could be seen as a way of maintaining one's stakes, as Fassin (2009) defined a stakeholder as any individual or group that maintains a stake in an organisation in the way that a shareholder possesses shares. This seems to be the closest to a simple definition of whom or what could be referred to as a stakeholder, especially as it makes it clear that it is not just about having a stake in an organisation but that such an individual must make efforts to maintain such stakes. In spite of the closeness of this definition to a simple one, it has an issue which is with regard to the lack of clarification on what the author means when he talks of maintenance of stakes and how this can be done by the stakeholders. It implies that once stakeholders appreciate that they possess these stakes, they should also make deliberate efforts to maintain and keep them, through diverse means depending on their relationship with the firm. Phillips (2003) suggests that stakeholders that have direct relationships with the firm (like shareholders, employees and customers) can withdraw their contributions to the firm, while those with indirect relationships with the firm (like NGOs) can resort to force. However, this must be preceded by the appreciation of how beneficial or profitable such a firm is to them, which brings in the aspect of responsibility being owed the stakeholders by the firm.

3.3.2 Stakeholder Attributes

The debate over a proper definition of stakeholders has even led to the discussion of what some refer to as attributes of stakeholders (Mitchell et al, 1997) or elements of stakeholders (Jonker and Foster, 2002). These have been

referred to as crucial for a proper definition or determination of who or what could be referred to as stakeholders (Mitchell et al, 1997; Agle et al, 1999; Jonker and Foster, 2002; Driscoll and Starik, 2004). These are features possessed by stakeholders that enable them to either claim or neglect their interest or stake in a firm or company (Neville et al, 2004). These are not to be possessed for the sake of it but are only meaningful and effective when used by the stakeholder that possesses them to increase its salience (Agle et al, 1999).

Stakeholder salience could be referred to as the degree to which the competing claims of stakeholders are given priority by managers of firms (Mitchell et al, 1997; Agle et al, 1999; Braun and Starmanns, 2008; Winkler, 2009; Mitchell et al 2011). Wolfe and Putler (2002) agreed that salience of a stakeholder depends on its combination of these attributes but noted that such a claim must be deemed urgent by the managers of the firm, otherwise it cannot contribute to the salience of such a stakeholder. The authors mentioned above have made various contributions to the discussion of stakeholder salience as being a result of the use of the various attributes, features or elements discussed below.

3.3.2.1 Power

This could be seen as the chance of an actor to carry out his or her will in a social relationship notwithstanding the opposition or resistance he faces (Weber, 1947). Pfeffer (1981, using Dahl, 1957) defined it as a situation in a social relationship where an actor has what it takes to be able to have other actors in the relationship do what it requires of them even when they would not have ordinarily done. Salancik and Pfeffer (1974) agree with this view by asserting that it is the ability that ensures that its possessor brings about

whatever outcomes they desire. Etzioni (1964) had earlier said that there are three types of power such as coercive power, utilitarian power and normative power. How any of these types of power are exerted depends on the means of accessing them which could be via physical force or violence, material or financial incentives, and symbolic resources respectively. Mitchell et al (1997) insist that power is much easier to recognize when it is at work than it is to define, so any stakeholder that knows it has this attribute and uses it properly stands the chance of impacting firm behaviour. They further warned that it is not a static state that a stakeholder could hold onto forever as it could be lost as a result of its transitory and dynamic nature. They insist that in the same way it can be acquired, it can also be lost but they fail to make it clear how this could happen.

Nevertheless, Davis (1973) gives an indication of how this could happen when he asserted that in the long term, use of power in a way disapproved of by society could lead to its loss. Jonker and Foster (2002) pointed out that most of the explanations of organisational responses to stakeholder pressures have resorted to either resource dependency theory or institutional theory. Despite pointing out that these explanations using these theories have not really addressed the concept of power in the context of stakeholder relations, the authors failed to give their definition of what they view the concept to be. On the other hand, Eesley and Lenox (2006) explored stakeholder attributes and how they attract responses from firms by positing that the possession of resources aid the stakeholder to exert their power to get favourable responses from the firm. Their contribution was mainly the reference to resources as being

instrumental in the exercise of firm or stakeholder power in their relationship with each other, though this was not as a distinct attribute of its own.

From the views above about this subject, it can be seen that it has a lot to do with the ability which a stakeholder possesses that makes it dictate the pace of a relationship with others. It is also noteworthy to point that while a stakeholder might have coercive power, it might lack utilitarian power putting it in a position of doing what the other stakeholder that possesses the latter type of power wants done. There is also the possibility that a particular stakeholder could be in possession of more than one type of power at a point in time.

3.3.2.2 Legitimacy

This has been variously confused as being the same with the concept of Power which has been discussed above, with Mitchell et al (1997) pointing out that not all legitimate stakeholders are necessarily powerful in their relationship with others, nor all powerful stakeholders necessarily legitimate. To help clear this muddling up associated with these concepts, reference is made to Weber's (1947) definition of the concept as the legitimate use of power, pointing out that both concepts are separate from each other. In his own broad definition, Suchman (1995, p.574) viewed it as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions". This definition seems comprehensive enough to accommodate every aspect of what could be said to be legitimate. It implies that what a stakeholder does as a part or member of society has to be deemed acceptable to such a society; which will be based on a previously and clearly defined set of rules and norms peculiar to

such a society. This set of norms, values or beliefs can actually change from time to time, depending on what society considers being of importance to it at every point in time. In his reaction to Mitchell et al (1997), Phillips (2003) purported that this is the only attribute crucial to determining stakeholder status and further came up with two types. The first being Normative Legitimacy, which he said has to do with the type of Legitimacy possessed by stakeholders that have a direct relationship with a firm and so is officially recognised by managers. The other one is Derivative Legitimacy, which mainly is in the possession of stakeholders who do not have a direct relationship with the firm but can still affect the firm or stakeholders in direct relationship with it. He points out that stakeholders with this type of legitimacy usually resort to violence, so it could also be the same as coercive power.

Jonker and Foster (2002) agreed with power and legitimacy as elements that influence stakeholder salience, insisting that these can actually influence the outcomes of stakeholder relationships and so should be given due attention. However, they assert that these two should not be treated independently because legitimacy is actually supposed to be a part of power and so they removed it as an attribute or element. Phillips (2003) agrees that these should not be treated separately, because power is actually a part of legitimacy or at best an avenue through which the latter is acquired.

3.3.2.3 Urgency

This is the third attribute that could be possessed by stakeholders according to Mitchell et al (1997, p.867) and they defined it as the degree to which claims call for immediate attention. They noted that such claims cannot have urgency if

they lack time sensitivity and criticality. Time sensitivity is the degree to which delay by management in attending to the need or claim of a stakeholder is unacceptable, while criticality refers to how much the stakeholder regards its claim to be important to it. These two attributes of urgency put together contribute to the way a stakeholder's needs or claims are regarded as being urgent by managers. However, it is expedient to indicate that the responsibility seems to lie with the stakeholder to prove to management that its claims or needs are both time sensitive and critical, otherwise it will not be taken seriously. This leads to the stakeholder's needs remaining unattended to for as long as this attribute of urgency is lacking or dormant.

Jonker and Foster (2002, p.191) referred to criticality as "being used in the sense of being a significant, momentous, serious issue or even a defining moment". They insisted that although most issues may seem to attract attention all the time in interactions between organisations and their stakeholders, there is always a particular one that calls for a certain level of urgency. This seems to have been an expatiation of the concept of Urgency as proposed by Mitchell et al (1997), even though they criticised the latter for treating the concept in passing and not giving it the required explanation. The issue of a defining moment seems to be key in their presentation of this concept, more so when it is viewed with a realisation that everything that happens in life has the impact of time. They viewed this moment as that point in time when the particular object of attention gets involved with the focal organisation. Such involvement, they propose then makes the organisation willing to expend either time or resources in order to take care of the particular case or issue being raised at that point in

time. This is also applicable to stakeholder relationships which are prone to take a different dimension because of the changing nature of humans. Jonker and Foster's (2002) discussion of criticality as an attribute of its own right has not been accepted by authors (Braun & Starmanns, 2008; Winkler, 2009; Mitchell et. al, 2011), all of whom have addressed it as an aspect of urgency.

3.3.2.4 Rationality

Jonker and Foster (2002) discussed this with reference to Habermas and his thoughts on the theory of communicative action. Habermas (1984 cited in Kim and Kim, 2008) asserts that the theory of communicative action which takes place via the medium of everyday political talks results in mutual understanding of the self and others. This understanding clarifies individual interests, what others want and what is regarded as common good; so without this understanding it becomes impossible to have actors indulge in deliberations that lead to rational decisions. Barber (1984) notes that this kind of communication does not need and as a matter of fact usually does not have debates, arguments, challenges, setting of priorities and other ambiguities associated with formal meetings. It is also free from the constraints of formal procedural rules and predetermined agenda, making it nonpurposive, informal, casual and spontaneous (Kim and Kim, 2008).

Jonker and Foster (2002) spent so much time on the thoughts of Habermas that they failed to give a clear definition of what this concept means to them, especially in the context of stakeholder salience. However, one can conclude that the idea being put forward here is one of trying to point out that there cannot be cooperation between actors if they lack understanding of why they

are in the relationship and what they aim to achieve. Also, communicative action indicates that since it is not pre-planned or predetermined, whatever deliberations come out have a high degree of originality since the parties were interacting without suspicion of each other.

3.3.2.5 Proximity

Driscoll and Starik (2004) proposed this attribute based on its acceptance across various fields of academics, but noted it is not just about locations and geographical points in space or the environment. They argued that it could be viewed as a certain level of commonality shared by the parties concerned in issues, ideas, approaches, actions and activities and agreed with the definition of Soukhanov (1984, p.948) which saw it as “the state, quality or fact of being near or next in space, time or order”. Driscoll and Starik (2004) argue that the closeness that exists between the firms in the environment and people living in such places is an important factor, which makes it worthy of attention in the recognition and interaction of stakeholders. Hence, they believe that “the greater the proximity, the greater the likelihood of the development of stakeholder relationships” (p.63). This aspect of proximity is very relevant to this study because it brings to the fore the perspective of interests in the interplay of stakeholder relationships, not forgetting the place of information communication and technology (ICT) and globalisation in modern business relations and transactions. These two have made it possible for people to be in one part of the world and yet know what is happening at the other end, resulting in the popular saying that the world is now a ‘global village’ (Sullivan, 2008, pg. 58). Also, noteworthy is the ubiquitous nature of the environment, since everyone

(whether individuals or organizations) depend on the natural world for survival in one way or the other and how that results in what Driscoll and Starik (2004) referred to as ubiquitous stakeholder. Neville et al (2011) agrees with the importance of Proximity's role in influencing stakeholder salience, but argues that it cannot be given the status of an attribute on its own as it can be treated as part of both power and legitimacy.

From the above discussion of what constitutes stakeholder elements or attributes, it is clear that these attributes cannot be possessed by stakeholders in isolation, as the relevance of an attribute is only exhibited in a stakeholder's relationship with others. As a result, the determination of such an element or attribute (Power, Legitimacy, Urgency, Criticality, Rationality or Proximity) as being enough to impact a stakeholder's salience is dependent on the stakeholders with whom it has interactions. Following up from this, in the next section we will look at the types of stakeholders that come out of the possession of the various elements or attributes as reflected by the table below;

<u>Attribute</u>	<u>Definition</u>
Power	The degree to which a stakeholder can get its will done by others.
Legitimacy	The degree to which the actions and inactions of a stakeholder are accepted by society.
Urgency	The degree to which stakeholder claims call for urgent action.
Rationality	The degree of understanding possessed by the stakeholders.
Proximity	The degree of closeness between stakeholders: physical, psychological and otherwise.

Table 3.1: Summary of Attributes

3.3.3 Types (Categories) of Stakeholders

The literature (Agle et al, 1999; Wu and Eweje, 2008) shows that management responds to different stakeholders based on the latter's possession of the attributes or elements discussed above, especially in terms of their usage of such attributes in their relationships with the firm. Savage et al (1991) proposed a typology of stakeholders based on the potential of the stakeholders to threaten and cooperate with the firm. Mitchell et al (1997) have linked the salience levels of various stakeholders with their use of the attributes at their disposal in order to come up with their stakeholder typology. In his reaction to Mitchell et al's (1997) typology, Phillips (2003) posited that stakeholders could only be in two categories. On his own part, Fassin (2009) has presented a categorisation of stakeholders that is based on the group's relationship with the firm or resource in question, either directly or indirectly.

3.3.3.1 Based on Potentials to Threaten or Cooperate with Firm

Savage et al (1991) proposed the categorisation of stakeholders into Supportive, Marginal, Non-Supportive and Mixed Blessing stakeholders based on their potentials to threaten the firm and to cooperate with the firm. However, they noted that such potentials cannot be exercised by the stakeholder without consideration of its capacity, opportunity, and willingness to either threaten or cooperate. The stakeholder's capacity is determined by how much it controls the power balance in the relationship, while there is still the need for it to have an opportunity and the willingness to act even if it has the capacity to influence firm decisions. However, in looking at stakeholders and how they influence firm

decisions and behaviour to be in their favour the authors indicated that salience of an issue to a particular stakeholder makes such a stakeholder become a key one, be it a primary or secondary stakeholder. The primary stakeholders they referred to as those with a direct, formal and officially recognised relationship with the firm which makes them have an economic impact on the firm, while the secondary stakeholders lack such direct relationship.

Supportive Stakeholders are those that do not undertake any activity that will jeopardise the chances of the firm to be successful, making them have higher potentials for cooperation and lower potentials for threat. Some stakeholders that can be found under this group are board of trustees, managers, employees and suppliers. **Marginal Stakeholders** are usually not high with regards to potential for threat or potential for cooperation; this is in spite of the fact that they have an interest in the firm which must be protected. This moderation in their potential for threat and cooperation is as a result of their laxity about most issues, though this can be changed when it has to do with specific issues that really do affect them. These stakeholders include consumer interest groups, stockholders and professional groups or associations. **Non-Supportive Stakeholders** are those that are mostly high on potential threat and low on potential cooperation, which could be attributed to their being there and acting as watchdogs that are always out to bring to the fore the firm's lapses. Such stakeholders include competitors, employee and trade unions, government and its agencies, and the media. **Mixed Blessing Stakeholders** are those whose potentials for threat and cooperation are both very high. This implies that it could actually get more threatening or more cooperative, depending on how the

firm handles its issues when they do arise. Those mainly found under this category are employees and customers.

The above categorisation is not really done from the point of stakeholder identification, especially as it does not really look at the subject as being a function of stakeholder salience which should be a result of possession of certain attributes. However, it helps managers have an idea of the kind of stakeholders they could possibly encounter in making certain business decisions and how to manage stakeholders who fall into the various categories.

3.3.3.2 Based on Possession of Stakeholder Attributes

Mitchell et al (1997) in furtherance of their exploration of stakeholder identification and salience came up with a typology of stakeholders which was a function of the possession of the various stakeholder attributes (Power, Legitimacy and Urgency) discussed above. They accentuated that a possession of one attribute, a combination of two or three of them determines what kind of stakeholder a group might be. Such possession of either one or a combination of these attributes result in the following stakeholders; Dormant Stakeholder, Discretionary Stakeholder, Demanding Stakeholder, Dominant Stakeholder, Dangerous Stakeholder, Dependent Stakeholder and Definitive Stakeholder. On the other hand, any group that does not possess at least one attribute out of the three attributes mentioned above will be seen as not being salient making it a non-stakeholder or potential stakeholder. This typology goes a long way in underlining the transient nature of stakeholders, implying that a particular stakeholder can be in the definitive group today and by the next day it falls into the dormant group, as a result of its use of the various attributes. These

stakeholder groups as reflected by the stakeholder typology below are discussed in detail beneath it to give an indication as to the impact of these attributes.

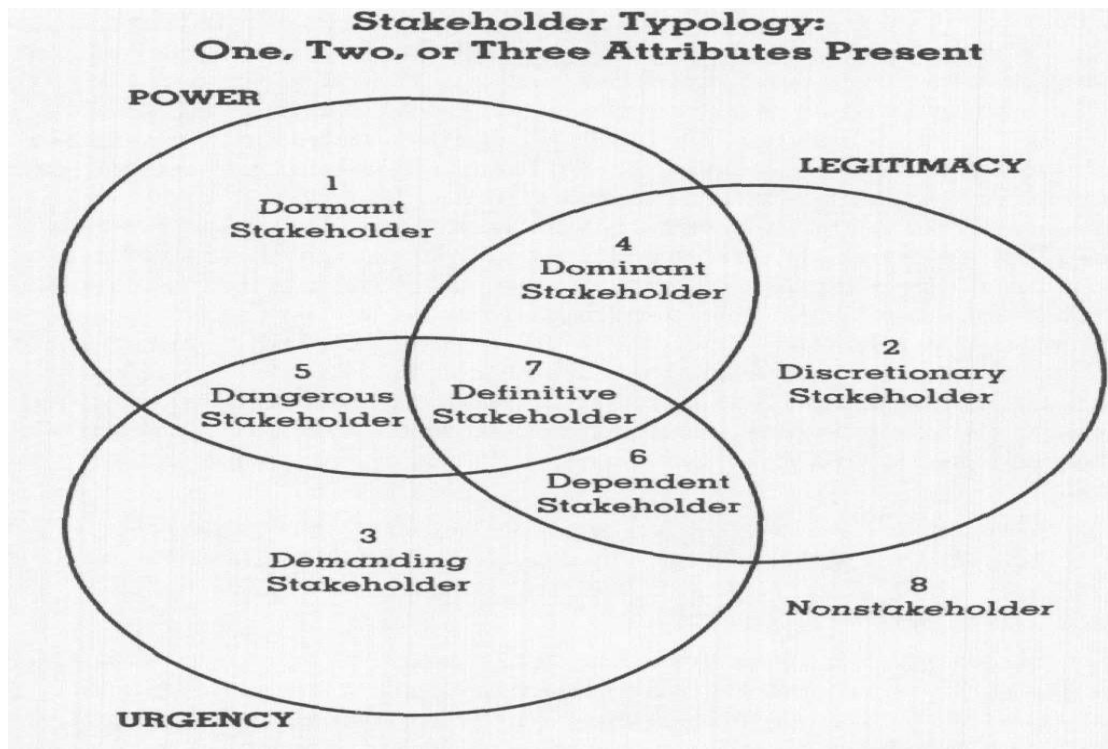


Fig. 3.1: Typology of Stakeholders' salience (Mitchell et al, 1997, p.874)

Latent Stakeholders refers to all stakeholders that possess just one attribute out of the three available, making them the least salient of all the stakeholders. This may result in them just being recognised as stakeholders, but not being given any real attention by managers. In this group are dormant, discretionary and demanding stakeholders who fall in positions 1, 2 and 3 in the figure above respectively. Dormant stakeholders are those stakeholders that have only power as their stakeholder attribute, but because they lack any of the other two cannot exercise their power. In spite of this, managers should continue to monitor them as there is the possibility of them acquiring a second attribute and

by so doing becoming more salient. Discretionary stakeholders refer to all stakeholders that possess only legitimacy, while lacking power and urgency. This puts them in a situation where there is no pressure from them on managers of firms to attend to their needs or claims, so are mostly recipients of what Carroll (1991) has called corporate philanthropy. Demanding stakeholders are constituted by those who possess only urgency, without power and legitimacy being present. This implies that the stakeholder in question raises issues that could be considered time sensitive and critical, but because they lack either a relationship with the firm or the will to exert influence, they are left unattended to.

Expectant Stakeholders are regarded as those stakeholders who are moderately salient than the first group as a result of their possession of two attributes out of the three available. As the name given to this group connotes they are expecting something from their relationship with the firm as a result of their interactions with the latter. Found in this group are dominant, dependent and dangerous stakeholders who can be seen in positions 4, 5 and 6 respectively. Dominant stakeholders are those who are powerful and legitimate but whose claims lack urgency. They have a relationship with the firm as well as the ability to make their needs or claims attended to, but they may decide to use such ability or not use it to get what they need. Their relationship with the firm makes the latter feel a sense of obligation in reporting to them, such as shareholders or investors, employees, government and community leaders. Dependent stakeholders are those stakeholders who possess both legitimacy and urgency of their needs or claims, but lack the power to influence managerial

decisions in their favour. As a result, they rely on other stakeholders who possess this attribute to help make them salient enough to attract the attention of managers for their urgent and legitimate needs to be met. Nevertheless, these stakeholders could actually move into a more salient position by acquiring the power attribute which they require. Dangerous stakeholders refer to every stakeholder that has power to make its urgent needs a priority to managers, but is without legitimacy. This implies that while the stakeholder might be powerful and its needs having both time sensitivity and criticality, it cannot be considered as a priority by managers since it does not have a legal relationship with the firm.

Definitive Stakeholders are made up of stakeholders that can boast of possessing all three attributes required for them to be highly salient in their relationship with the firm, as can be found in the middle of the figure above. Stakeholders within this group have a relationship with the firm recognised by the law, have claims that require urgency and have the power to influence firm behaviour and decisions. From the various groups of stakeholders as outlined above by Mitchell et al (1997), we can see that this is the most salient group because of their possession of all three attributes; power, legitimacy and urgency.

However, dominant and dependent stakeholders under the expectant group can make a move into the definitive group by acquiring the attributes of urgency and power which they lack respectively. Meanwhile, dangerous stakeholders are purported not to be in a position to ever make this movement since they may not find it possible to acquire legitimacy which is the attribute they lack. Such

difficulty arises from the perception of society of this set of stakeholders as having an illegal status and no one will be interested in being seen to acknowledge such illegality. This last point is in disagreement with Mitchell et al's (1997, p.878) position that "any expectant stakeholder can become a definitive stakeholder by acquiring the missing attribute." Their position on this contradicts their initial point about not trying to acknowledge the activities of these stakeholders by their identification, because of the threat which they and their activities pose to both human life and well-being as well as stakeholder relationships. Also, they do not clearly state what gets the dangerous stakeholders into a position where they can no longer possess legitimacy, which is an attribute that they initially had but lost.

3.3.3.3 Based on Relationship with the Firm

Phillips (2003) and Fassin (2009) each propose three categories to reflect those that tend to assert their influence on the firm, agreeing on certain aspects but differing on others. Phillips (2003) asserted that stakeholders could be grouped into normative and derivative stakeholders as the mainly recognised stakeholders, while others can be viewed as non-stakeholders by virtue of their being a threat to the firm or its stakeholders. This latter group had to do with groups and individuals similar to those earlier referred to by Mitchell et al (1997) as dangerous and dormant stakeholders. In his own view, Fassin (2009) outrightly presented a categorisation of three stakeholders, known as stakeholders, stakewatchers and stakekeepers based on the combination of legitimacy, power and responsibility. This categorisation also agrees with

certain aspects of the one given above by Phillips (2003) such as the normative and derivative types of legitimacy which had earlier been discussed.

Phillips (2003) refers to normative stakeholders as those who have a legitimate and direct relationship with the firm as a result of the firm owing them the moral obligation of stakeholder fairness. Fassin (2009) agrees with this category as being made up of those regarded to have a legitimate or normative claim on the firm and as a result have a reciprocal relationship with the latter, including the level of power they wield towards each other as well as their responsibility. They are called stakeholders because of such responsibility and power derived from the direct stake they hold in the firm which makes them very much interested in what happens to the firm, be it negative or positive. Such stakeholders as those commonly referred to as the traditional stakeholders can be grouped here, for example employees, shareholders, customers, and communities. According to Phillips (2003), the derivative stakeholders are not in a direct relationship with the firm, meaning that they are not legitimately owed the moral obligation of stakeholder fairness but are treated as stakeholders based on their potential impact on the firm or its normative stakeholders. Fassin (2009) refers to these as stakewatchers, agreeing that these are groups and individuals that do not have direct claims, but indirect claims on the firm, which grants them a derivative legitimacy. Such legitimacy is derived from being seen to be acting on behalf of the direct stakeholders mentioned above, so they possess the power to influence the firm but cannot be influenced by the latter. Their lack of a relationship with the firm directly implies that there is no responsibility by either party to each other, since they are brought into the picture by virtue of their

protective roles for the interests of the real stakeholders. Pressure groups, employee unions, consumer associations, investor associations, news media, activists and competitors are some of those that fall into this category.

The main area of difference between Phillips (2003) and Fassin (2009) is in their categorisations of the last group which the former regards as non-stakeholders, while the latter calls them stakekeepers. Phillips (2003) refers to the non-stakeholders as those groups or individuals who have no relationship that can grant them stakeholder status with the firm so cannot affect the firm or its normative stakeholders in any way. This means they really do not have any place in the setup, therefore cannot attract managerial attention though he notes that this status and others are dynamic in nature. Consequently, it is possible for a group or individual formerly regarded as a non-stakeholder to move into becoming either a normative or derivative stakeholder, while it is a possibility that a stakeholder could also lose its relationship with the firm and become a non-stakeholder. Key (1999) agrees that stakeholder status is transient as there are various possibilities available to both stakeholders and non-stakeholders, as hinted above. Fassin (2009) refers to his last group as stakekeepers which consists of those bodies, groups and institutions whose duties are to ensure that the stakeholders' interests are protected and they are empowered by the law to do this. They do not possess any stakes in the firm, can assert influence on the firm and have a responsibility to the stakeholders to ensure that the responsibility of the firm to such stakeholders is not neglected. Their lack of a direct relationship with the firm makes it possible for them to go as far as imposing regulations and constraints on the firm when there is need

to, since they are not dependent on the firm. Governments, courts, regulatory agencies, certification organisations, independent evaluation bodies, accreditation institutions and the media constitute those that can be found in this category.

From the categorisations here, it is noteworthy to point that while Phillips' (2003) categorisation contributes to the development of the subject by its lack of complexity, it seems to be hasty in its indication that "only those groups to whom an obligation of stakeholder fairness applies are stakeholders at all" (p.27). Fassin (2009) further clarifies the fact that for every stakeholder there is a corresponding stakewatcher and stakekeeper. However, he points out that government (federal, state and local) are usually generic stakekeepers for all stakeholders by virtue of their impact and influence on many stakeholders. The relationship between stakeholders, stakewatchers and stakekeepers is illustrated with the help of a figure as shown below.

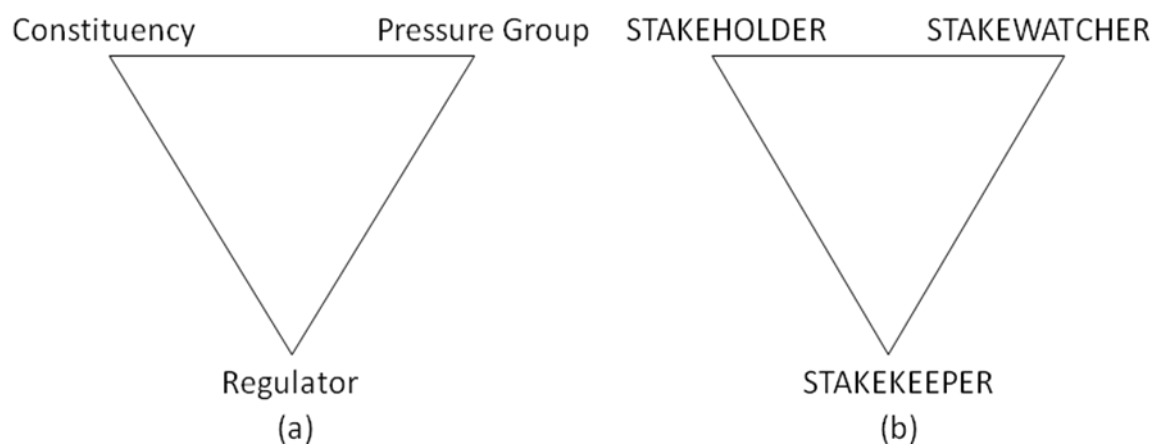


Fig. 3.2: Triangular relationship among Stakeholder Groups (Fassin, 2009)

Phillips (2003) also does not include government and its agencies in any of his categories, despite the generally known impact of these on the activities of the

various categories of stakeholders outlined above by the author. On the other hand, Fassin (2009) adds government as part of his grouping, but there seems to be confusion between stakewatchers and stakekeepers, as they seem to be doing similar things. For instance, the placement of government and its agencies under stakekeepers when it is clear that there is hardly any way these can keep stakes for the real stakeholders if they are responsible for watching such stakes. It also mentions activists groups and terrorists that do not aim for the good of the firm but can harm it through its actions or the spread of false information. These are referred to as stake impostors, but the author admits that sometimes they are actually called stakeholders even though he does not seem to agree with that view.

The different views reviewed above on the categorisations of stakeholders by authors have been further presented in a tabular form below.

Author	Stakeholder Categories
Savage et al, 1991	Supportive, Marginal, Non-supportive, and Mixed Blessing Stakeholders
Mitchell et al, 1997	Latent (Dormant, Discretionary, Demanding); Expectant (Dorminant, Dangerous, Dependent); Definitive Stakeholders. Also Non-stakeholders or Potential stakeholders
Phillips, 2003	Normative and Derivative Stakeholders
Fassin, 2009	Stakeholders, Stakewatchers and Stakekeepers

Table 3.2: Categorisations of Stakeholders by Authors

3.3.4 Interaction between Stakeholders

The increased interest in firms' relationship with their stakeholders could be attributed to the realisation of the difficulties associated with trying to describe the company, without a proper understanding of the various relationships on

which it depends (Freeman and McVea, 2001). These relationships are crucial to the survival of the firm or company as pointed out by Jahansoozi (2006) when she asserted that these should benefit all parties involved because they affect the firm's license to operate. This section will therefore explore the interactions that exist between stakeholders, based on various standpoints of theory. However, before that will be done there is the need for the meaning of relationship to be understood, hence the presentation of different definitions of the subject below as a precursor to the main discussion of interactions between stakeholders.

3.3.4.1 Relationship

A relationship could be seen as the association that exist between two or more entities (Chen, 1976), which could be between humans or individual persons, as well as between individuals and institutions or firms. Pye (1968, cited in Simmons & Munch, 1996, p.92) had earlier asserted that relationships are often interpersonal, with such relationships referring to "a powerful web that holds a person in place and gives him a basic orientation in life". Further exploring the meaning of relationships, Simmons and Munch (1996) made reference to the Chinese word "guanxi" which means relationships, with its characters when directly translated meaning "joined chain" (p.92). This implies the existence of some level of connection or linkage between those concerned, for there to be any form of relationship between them.

3.3.4.2 Stakeholder Relationships

There have been different positions on both what the relationship is between firms and stakeholders as well as what they should be. Freeman (1984) in his

proposition of a stakeholder model had pointed out that the relationship that exists is just between the firm and its various stakeholders on a one-to-one basis. Hill and Jones (1992) saw these relationships as a network consisting of separate implicit contracts between the particular stakeholder in question and the firm represented by the management. Williamson and Winter (1991) disagreed with this, hence their view of the firm as a nexus of contracts. This means that the firm is involved in not just direct relationships as Freeman's (1984) hub and spoke conceptualisation tended to have implied and by so doing presenting such relationships as independent. On the contrary, these relationships are dependent, intertwined and multiple between the firm and its diverse stakeholders who sometimes align together with others in order to influence business decisions in their favour. Rowley (1997) agreed that what exist between stakeholders are multiple and interdependent interactions (relationships) and not the dyadic ties presented of stakeholder relationships by Freeman (1984). Neville and Menguc (2006 citing Oliver, 1991) referred to the firm's diverse relationships with its stakeholders as stakeholder multiplicity which is "the degree of multiple, conflicting, complimentary, or cooperative stakeholder claims made to an organization" (p.380). These various claims need to be measured to determine how much they match with each other as well as the firm's strategic direction, which calls for a ranking of stakeholders to get their hierarchy. This could then result in synergy between stakeholders thereby leading to a better result for all, bringing to mind Rousseau's (1762) concept of the good of all. The above work by Neville and Menguc (2006) tends to neglect that the levels of salience possessed by each stakeholder group is

transient and so may not be the same at all times as other factors come into play.

Frooman (1999) in his contribution to the debate on relationships applied resource dependence theory and came up with a typology of resource relationships utilising the work of Pfeffer and Salancik (1978). The typology mainly reflects how the level of dependence existing between stakeholders in terms of resources being exchanged between them influences the power balance between them. The stakeholder's dependence on the firm for resources moving in its direction puts it at the mercy of the firm thereby resulting in firm power. Similarly, firm reliance on the stakeholder for resources required for its continued survival means that the stakeholder determines the fate of the firm because it leads to stakeholder power. Somewhere in between the extremes of firm and stakeholder power lies the point of interdependence, which could either be low or high depending on the level of symmetry in the exchange relationship existing between the stakeholders involved in the relationship. Frooman (1999) posits that this further determines what kind of influence strategy (withholding, usage, indirect or direct) to be applied by the various stakeholders in the relationship to get decisions in their favour (as discussed below).

The above typology by Frooman (1999) has contributed to the advancement of studies into the relationships that exist between stakeholders, but it has the problem of over-simplification of the dependency of stakeholders on each other. It focuses so much on finding out if these dependencies exist or not, which in this author's view has little to do with the debate of the area at the moment since the issue has to do more with the extent to which these relationships exist

than if they do exist which seems to be agreed already even by the author. Frooman (1999) admits that this might be problematic, which brings up the question of how to measure dependence in stakeholder relationships. He asserts that this could be done by looking at the way each stakeholder is consulted in the relationship before decisions are made or by exploring how much or the extent of dependence for resources that exist therein.

3.3.5 Stakeholder Relationship Management

This is an important aspect of the author's interpretation of what constitutes stakeholder theory as it is aimed at ensuring that stakeholders, especially the firm as represented by managers, properly consider the interests of others with whom they have interactions. This is not just limited to the individuals or groups that are referred to as stakeholders, but beyond that is its concern with the relationships that exists therein and their management (Freeman and McVea, 2001). The firm through its managers are deemed responsible for this, specifically because the success of the firm is dependent on the management of its relationships with its stakeholders (Freeman and McVea, 2001; Freeman and Phillips, 2002). The management of these relationships is so important that they could actually determine the survival or otherwise of the business (Campbell & Alexander, 1997). As a result, the satisfaction of shareholders to a large extent depends on the needs of other stakeholders being met (Jamali, 2008), so the needs of these stakeholders must be aligned more closely with the priorities of the firm to get desired results (Wolfe and Putler, 2002). This process of alignment involves "communicating, negotiating, contracting and managing relationships with stakeholders and motivating them to behave in

ways that are beneficial to the organisation and its stakeholders” (Harrison & St. John, 1997, p.14). The balancing of these needs in a way that it seems to satisfy all stakeholders, while also being in line with corporate priorities could result in conflicts which stakeholder theory helps to manage (Frooman, 1999).

The divergent interests of stakeholders are deemed as making these conflicts inevitable, but efforts must be made to minimise them in these relationships between stakeholders (Key, 1999; Frooman, 1999). This author argues that conflict is avoidable if the management of these interests are done in a way that they do not arise at all, which benefits all stakeholders especially the firm. It is such aggregation of interests that stakeholder theory aims to assist managers in doing, in their bid to continue profit maximization for the owners of the firm and by so doing keep the firm afloat and alive. This makes managers become regarded as one of the firm’s most important and powerful actors (Williamson, 1985) as they referee between employees and investors (Aoki, 1984). They reconcile different stakeholders’ interests on behalf of the firm through the prioritization of stakeholder expectations based on their levels of salience in line with the firm’s objectives (Hill & Jones, 1992; Agle et al, 1999). The need for such an aggregation cannot be over-emphasized especially when viewed in the light of the multiple positions held with regard to interests, so it is expected that managers acknowledge the validity of diverse stakeholders and respond to them in a mutually supportive way (Donaldson & Preston; 1995).

As a result, there arises the need for prioritization of the competing needs that confront the manager everyday (Phillips, 2003) and then give priority attention to stakeholders that they perceive as highly salient as earlier discussed (Agle et

al, 1999). However, this needs to be done in such a way as to reflect a balance of different stakeholders' interests at every point in time, as stakeholders would not work together except they establish the protection of their interests in the achievement of the common aim (Freeman & McVea, 2001). Four steps of stakeholder management are deemed to make this possible which are stakeholder identification, determination of stakeholder stakes, review of stakeholder expectations and adjustment of corporate policies to align with stakeholder needs (Freeman; 1984). Other authors react to the above stakeholder management steps with Polonsky (1995) insisting that the firm will not always be able to adjust its priorities according to stakeholders needs, so should be ready to rather maximise its relationship with stakeholders by modifying the latter's expectations. Also, monitoring devices and enforcement mechanisms must be put in place to aid the minimisation of one-sided information dissemination which firms undertake to boost their public image (Hill & Jones, 1992). These enforcement mechanisms are meant to put pressure on the firm to do what is required to maintain all relationships with stakeholders (e.g. law, threat of exit or withdrawal and voice). Below we discuss how firms undertake the management of stakeholder expectations as a way of managing their relationships.

3.3.5.1 Firm Strategies

In discussing the ways organisations respond to pressures to conform to societal expectations, Oliver (1991) asserted that there are five strategies used by firms such as acquiescence, compromise, avoidance, defiance and manipulation, all of which have three tactics or forms of exhibition.

Acquiescence is undertaken by the firm to attain compliance and conformity to the minimum requirements of operation expected by society, so it is exhibited via habits, imitation and compliance. Compromise is carried out by the application of balancing, pacifying and bargaining as a strategy used by the firm as a way of promoting its interests while avoidance refers to the strategy used by the firm to refuse to conform to expectations, which is done through concealment, buffering and escape. The firm could also decide to use defiance which is more resistant and active than the other strategies, but it has to apply the tactics of dismissal, challenge and attack where necessary. Manipulation is deemed as the highest and most active form of resistance by the firm to pressures, with its tactics being co-optation, influence and control. The presentation of these strategies seems to be in a linear form, whereby the firm could move from one particular level to the next depending on how active and resistant it is at the particular point in time.

Savage et al (1991) proposed four different strategies, involve, monitor, defend and collaborate which were meant to help managers as a stakeholders management guide used to manage the supportive, marginal, non-supportive and mixed blessings stakeholder types. These strategies are presented in the figure below and discussed briefly below with a focus on the various strategies presented by them as well as Fassin's (2009) application of these to his categorisation of stakeholders.

Diagnostic Typology of Organizational Stakeholders

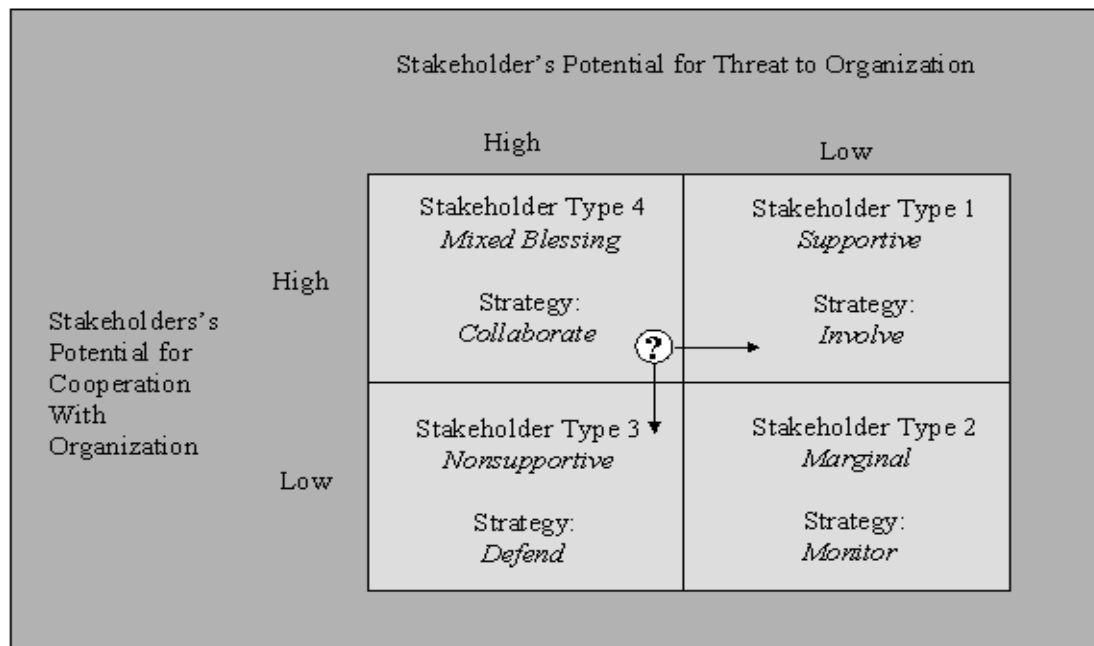


Fig. 3.3: Diagnostic Typology of Organizational Stakeholders (Savage et al, 1991, p.65)

Involve in the figure above is a strategy meant to be used to manage the supportive stakeholders to make them use their high potential for cooperation to help the firm and its managers achieve success thereby getting them to partake in decision-making and implementation processes. Fassin (2009) applies this strategy to the group he referred to as the real stakeholders as a result of their status and interests in the success of the firm. ***Monitor*** is a strategy used for the management of marginal stakeholders who are low on both potential for threat and cooperation since they are only concerned about specific issues and this on rare occasions. Notwithstanding, they should be watched because some issues can trigger one of their potentials to get high depending on how it affects them, whether positive or negative. ***Defend*** is used as a management strategy

against non-supportive stakeholders because of their high potential for threat and low potential for cooperation, through the reduction of the firm's dependence on the resources controlled by these stakeholders. However, the authors note that the firm should try as much as possible to see how key stakeholders can be changed from this category, as defending against them might not always be effective especially considering that it has to do with resources that may not have alternatives or substitutes. Fassin (2009) argues that the category he called stakewatchers could be either managed with the defence or monitoring strategies depending on whether they are non-supportive or marginal. **Collaboration** is proposed as the strategy that works for the management of Mixed Blessing stakeholders, who are in possession of high potential to both threaten and cooperate with the firm. This strategy if properly applied can ensure that it is only the stakeholders' potentials for cooperation that are emphasised and maximised, while the other potential for threat will not be very effective even though it is present. As a result, these stakeholders could either become Supportive or Non-supportive stakeholders, depending on how they are managed by the managers of the firm. They concluded by insisting that while these strategies can work in specific cases when used by managers, the aim of these should always be to try and convert their relationships with their stakeholders from less favourable to more favourable. Fassin (2009) acknowledged the complexity of the role of the stakekeepers in his categorisation so he proposed that they could be managed via either collaboration or monitoring, depending on the level of their potential for cooperation or threat respectively.

Bunn et al (2002) agreed with the above typology of strategies but added leading and education to the list making the strategies six in total, pointing out that in order to decide on what particular strategy to deploy, the firm has to carry out a resource analysis. Polonsky and Scott (2005) also agreed that the above typology is very useful to stakeholder management discourse as it re-echoes the previous work of Freeman (1984), but insisted that it still needs empirical evidence to show its applicability to the management of stakeholder relationships.

3.3.5.2 Stakeholders' Influence Strategies

In discussing how stakeholders can be managed in order for firms to achieve their goals, Frooman (1999) developed what he referred to as *Influence Strategies*. In his opinion, it is one thing to understand stakeholder behaviour and another to manage such behaviour once they are understood. He argues that this understanding can only be gained by managers when they identify stakeholders, what they want and how they intend to go about getting to meet such needs. This leads to the proposition of four stakeholder influence strategies which are withholding, usage, direct and indirect strategies. These are meant to be used by one stakeholder to manage its relationship with others and not from the myopic point of viewing the firm as the only one that manages stakeholders, forgetting that the firm can also be a stakeholder of others.

Withholding strategies refer to a situation where the stakeholder in question decides to withhold the resources due the firm as a way of demanding a change in behaviour from the firm. However, for this strategy to work he cited the work of Pfeffer and Leong (1977, p.779) where they insisted that the stakeholder

must have the “ability to articulate a credible threat of withdrawal” otherwise it would not be taken seriously. The implication of this is that a stakeholder that has power to withhold resources, yet cannot activate such but lets it lie dormant cannot use such as an influence strategy. Nevertheless, he pointed out that despite how important it is for the stakeholder to be seen to possess the ability to carry out the threat of withdrawal, the mere threat of using the strategy could actually be as effective as using it to influence organisational behaviour. **Usage strategies** are those ones where the stakeholder still maintains the supply of the particular resource to the firm, but does so with conditions to be fulfilled attached to such supplies. In both set of strategies there is a demand from the stakeholder on the firm or the other stakeholder for a change of behaviour. Also, withholding strategies can only work in relationships where one party is unilaterally dependent on the other, making it possible for the party depended upon to walk away from the relationship because it really has nothing to lose. So when it is a mutually dependent relationship then it is difficult for any of the parties to withhold their resources from each other, since they need one another and cannot walk away from the relationship.

Direct strategies are those strategies that are applied by the stakeholder in its relationship with another stakeholder. Withholding and usage strategies are part of the strategies that fall under this category, since they are used by stakeholders against other stakeholders who they are in a direct relationship with. **Indirect strategies** are usually used in cases where the stakeholder that wants to influence firm behaviour does not have direct relationship with the firm so resorts to using the help of an ally that enjoys such to change firm behaviour.

Such an ally can either decide to use withholding or usage strategies as a result of the direct relationship it has with the firm in question.

The above strategies show that both the firm and the stakeholders can manage their relationships with other stakeholders, so it is not just the firms that have to manage their stakeholders and their expectations. The stakeholders also decide either to cooperate with the other stakeholder (firm) or confront it; in the case of confrontation, the stakeholder withdraws the resources under its control which are required by the other stakeholder (firm) in order to meet its goals. On the other hand, there are diverse ways to manage relationships with other stakeholders as can be seen from the ones highlighted above; however whichever is chosen must be aimed at managing stakeholders of strategic importance as partners (Harrison and St. John, 1996). All of these strategies are derived from a focus on the relationships that exists between the stakeholders and not so much of emphasis on the stakeholders themselves. Also, it is noteworthy to point that viewing of this from the point of its effect on the firm only is an anomaly, because the firm itself can also be in a position to withhold its resources as a stakeholder to others. Phillips (2003) tends to agree with the position that a firm can also be regarded as a stakeholder, as he indicates that stakeholder relationships and obligations are normally reciprocal and symmetrical in nature.

3.4 SUMMARY

This chapter has reviewed the literature on CSR and Stakeholder Relationships with their various aspects. The CSR literature shows that there is no generally accepted definition of the concept yet, though the various definitions address

the role of business in the improvement of societal welfare but this study takes the perspective that it is now social obligation in the context of the study. There is a dichotomy between the expectations of society and the actual practice as carried out by businesses in their various environments of operation and these need to be managed as part of the company's business strategy for their impact to be felt. Hence, the focus is meant to be on the stakeholders which explains why the concept is mainly seen as a contribution to community development, especially in the less developed economies.

The stakeholder literature reviewed showed that there is also no consensus on the definition and identification of stakeholders, with various reasons given by authors as being responsible for the granting of stakeholder status. In addition to this, the different elements or attributes deemed critical to making a stakeholder salient in its relationship with other stakeholders, especially the firm are discussed. These attributes are regarded as being key to what category a stakeholder falls into, in terms of its relationship with such stakeholders with whom it is in relationships; while others base their categorisations on the potentials of the stakeholder to threaten or cooperate with the firm as well as relationship with the latter. These relationships between the various stakeholders are either one on one which is referred to as dyadic or interdependent interactions also known as multiple relationships. These relationships are meant to be managed by the various stakeholders in order to maintain their access to the resources they need which brings out power dependencies amongst them. The strategies proposed for the management of

these relationships are not just for the firms as earlier posited by Freeman (1984), but also for the stakeholders that these firms interact with.

In carrying out this review, certain points of disagreement on the views of authors have been noted using other authors' critiques of such works as well as those of the researcher. As a continuation of the review of literature, the next chapter discusses the various theories deemed to be relevant to carrying out this study and answering the research questions as earlier indicated in chapter one.

CHAPTER IV: THEORETICAL FRAMEWORK

4.1 INTRODUCTION

The discourse on stakeholders has been carried out by applying and testing various existing theories as well as the proposition of new ones (Freeman, 1984; Hill & Jones, 1992; Donaldson & Preston, 1995; Mitchell et al, 1997; Rowley, 1997; Frooman, 1999; Agle et al, 1999; Donaldson & Dunfee, 1999; Driscoll & Starik, 2004) leading to what is widely known today as stakeholder theory. A good number of such propositions have been in the form of models reflecting interactions between a focal firm or company and its numerous stakeholders, which sometimes could be dyadic, triadic or multi-actor inclined (Frooman, 1999). This implies that a relationship could be directly between a firm and each of its stakeholders, directly between the firm and two of its stakeholders, or with many stakeholders directly and indirectly. Donaldson and Preston (1995) insist that stakeholder theory is fundamentally normative, implying that the theory is mainly derived from conceptual discussions of stakeholder issues. As a result, this chapter builds the theoretical foundation for this study which involves a perusal of the various theoretical propositions that have been made over the years as contributions to the discussion of stakeholder theory.

4.2 STAKEHOLDER THEORY

The theory was given a *locus standi* by Freeman's (1984) proposition of a stakeholder model, in reaction to the positions of scholars (e.g. Friedman, 1970) before him who posited that the sole responsibility of the firm is to create wealth for its owners. In that landmark publication Freeman (1984) argued that the idea

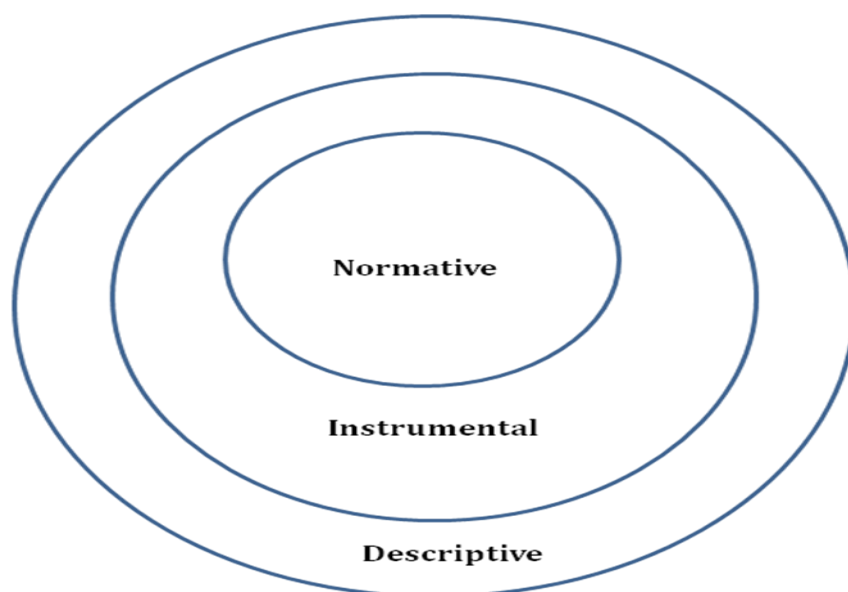
of organisations carrying out business activities only taking into cognisance the interests of just their shareholders or stockholders without concern for others is an anomaly. As part of his propositions he insisted that the emphasis of firms should be on making efforts to ensure that they try to protect the interests of all their stakeholders, which is everyone that is affected or affects the firm. There has been an appreciation of the ideas put forward by Freeman (1984) in his seminal work on stakeholders, resulting in a renewed interest in the area. Some scholars (Mitchell et al, 1997; Donaldson & Dunfee, 1999; Waddock, 2002; Burchell & Cook, 2004; Maak, 2007; Du, Bhattacharya & Sen, 2010) have agreed with his position on the responsibility of the firm to a broader set of stakeholders other than just shareholders, while others (Brenner & Cochran, 1991; Friedman, 2002; Knox et al, 2005) have opposed the idea.

There have also been others who think that stakeholder theory is a noble concept that should be taken onboard by firms in their operations, but they had some disagreements with Freeman's propositions. One of such is Key (1999) who criticised the former for proposing a model that lacked depth and efficiency in areas such as explanation of process, linkage of variables, attention to systemic issues, and environmental assessments. In his critique, Stieb (2009) argued that Freeman (1984) was proposing a model prone to abuse, since it was aimed at a careless transfer of decision-making power and wealth from those who were deemed to have to others who don't have.

Frooman (1999) described the theory as concerning the identification and management of potential conflict arising from divergent interests that could result in a clash of such interests and the difficult situations they generate.

Freeman and Phillips (2002) believe that despite the fact that the very nature and definition of the theory is contentious, it is simply one that makes it a primary managerial task to influence, manage or balance all relationships that can influence the achievement of organizational purpose. Post et al (2002) also view the firm as a wealth-creating vehicle for all stakeholders of the firm and not just shareholders in reaction to Friedman's (2002) view of the primary or original purpose of the firm being shareholders' wealth creation.

Donaldson and Preston (1995) insist that the theory aims to describe or explain (descriptive) as well as influence (prescriptive) the workings and activities of the firm, hence their presentation of three aspects of the theory as normative, instrumental and descriptive aspects. They represented these aspects with a figure, thus;



Source: Donaldson and Preston, 1995

Fig. 4.1: Three Aspects of Stakeholder Theory (Donaldson & Preston, 1995)

From the figure above, it can be seen that they presented all three aspects as nested in each other, with the normative aspect as the innermost part of

stakeholder theory, followed by the instrumental aspect and the descriptive aspect which happens to be the outermost of the three. The normative aspect is regarded as the core of the three and this is as a result of its role in the making of what constitutes the theory, as it informs the other aspects. This is very intellectual and vague in nature, yet it goes a long way in determining the outlook of the other two aspects of the theory at every point in time. Such determination of the state of the other two aspects is based on the conceptual discussions involved in this aspect that lead to the development of the other two aspects; it is mainly about what ought to be. This is immediately followed by the instrumental aspect, which is deemed more pragmatic and very predictive as it tries to link reality with results that come with certain practices and actions of business. The last or external shell is the descriptive aspect, which happens to be the very basic level of stakeholder theory especially as it is keen on relating what can be seen in reality. In other words, it does more of the informative part of the theory, as it does what could be referred to as the reporting part of the theory by telling us what is actually happening in the area. The authors insisted that these three in concert make up the theory so whatever discussions that take place within the area must fall in at least one of these aspects in order to be considered fit, though it mainly derives most of its make-up from the normative aspect.

In agreement, Jones (1995, p.406) notes that the theory is useful for the prescription, explanation or prediction of the actions and reactions of stakeholders to each other, as well as the results of such. Agle et al (1999) purported that normative discourse is crucial as the further development of the

theory as well as the future existence of the firm is highly dependent on the kind of conceptual work carried out in the area. Mitchell et al (1997) posited that this theory is concerned with attempts to systematically present the determination of the stakeholder deserving managerial attention and which does not.

4.2.1 Critique of Stakeholder Theory

The theory has come under some criticism, one of such being that it has not really been a theory of its own in the real sense of the word as it is comprised of a number of other theories in its study and exploration, referring to its multidisciplinary nature. This view was considered by Agle et al (2008) as unnecessary as they insisted that it is no longer an issue of whether stakeholder theory is in existence but that of how the theory will meet the challenges of its success. Donaldson and Preston (1995) hinted at the fear in certain quarters that taking on the new perspective of stakeholder orientation as opposed to the conventional shareholder orientation would make for an increase in the indiscipline exhibited by managers; as they would now have more reasons to abuse their offices with the excuse of serving diverse stakeholder interests. However, they noted that there is already a failure by the traditional perspective to curb the excesses of managers, even with the help of legislations. In his view, Sacconi (2006) views the theory as being unable to prescribe distinct standards against which managers can measure their organisation's performances to see how they are doing.

In discussing stakeholder theory in the context of this study there are different theories that touch on interactions between different actors and sometimes also touch on the actors themselves that could be applied such as Open Systems,

Alliance, Legitimacy, Game, Social Contract and Resource Dependency theories. However, since this study is concerned with relationships between stakeholders and not the stakeholders themselves, Social Contract theory and Resource Dependency theory will be applied.

4.3 SOCIAL CONTRACT THEORY

The debate over the existence of a social contract and its actual operation has been on for a very long time, dating back to the fifteenth century with scholars like Hobbes (1651), Locke (1690), Rousseau (1762), Rawls (1971), Buchanan (1975; 1977) and Hume (1985) contributing. The discourse on this topic has revolved around relations between humans in their interaction with each other even prior to modern societies. The theory has been around for a few centuries despite all the attacks it has received, which is an affirmation of its usefulness (Thompson and Hart, 2006). This theory has been chosen in order to explore the impact of the kind of agreement different stakeholders entered into at the start of their relationship or later on in the relationship.

The social contract has been variously defined by scholars, such as Binmore's (1994) definition which posits that it is an agreement by individual members of a society to ensure that there is some level of evenness in life's game. By this, he posits that the social contract further acts as a monitor or constraint on the activities, decisions and choices of individuals as they will not want to contravene the rules of the game. In order to do this, there are calculations of what the other party's likely decision will be which enables the avoidance of any mutual harm to members of the society. Kaufman et al. (2005, p.143) see the social contract as the collective rules that serve as checks on the behaviours of

people or groups that live within a particular society and its acceptance is actually in the interest of the individual and the society too. Rogers et al (1995) assert that the accordancy of a personality to a firm by society during its incorporation indicates its acceptance as a member of that society which implicitly reflects the existence of a social contract.

There are various reasons given as necessitating the social contract such as acting as a moderator of the interests of individuals (Hobbes, 1651) and to balance the inequality amongst members of society (Rousseau, 1762). However, Locke (1690) argues that parties can have contracts and yet be in a state of nature if they do not honour contracts, noting that once parties enter into any contract they are all bound by the terms of such and so should keep to them. Donaldson and Dunfee (2002) refer to such acts of disregard for the terms of the agreement as reflecting moral blindness on the part of the defaulting party. This position makes it necessary to look at the various features deemed instrumental by these authors to both the establishment and maintenance of the social contract, with the parties keeping to its terms.

4.3.1 Features of the Social Contract

There have been various terms used by the authors reviewed in their discussions of the social contract between actors in society, with these being deemed important for both its establishment and effectiveness. Such terms which could be referred to as features of the social contract are as reflected in the figure below and discussed also,

Main Aspects of the Social Contract

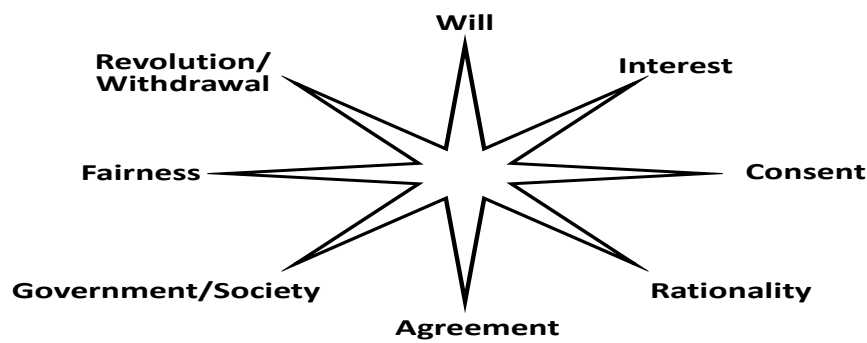


Fig. 4.2: Main Aspects of the Social Contract

4.3.1.1 Will/ Interest

These two features have been discussed together here as a result of their inter-connectivity to each other, with the former being deemed responsible for the shaping of the latter (Rousseau, 1762). Hobbes (1651) argues that all humans seek society because they have some kind of interest to protect such as profit and honour. Locke (1690) refers to this as self-love possessed by every individual to some level which drives their actions and as a result makes some of the scenes earlier painted prevalent in the state of nature. In other words, the protection of such individual interests brings about a war of all against all which results in life in the state of nature being said to be short, poor, nasty and brutish (Hobbes, 1651). The prevalence of this self-interest in the non-state society referred to as the state of nature makes weapons become the stabilizers of society as they were used to maintain egalitarianism by checkmating the excesses of individuals (Gifford, 2002).

Rousseau (1762) posits that the will of an individual also impacts on both the will of all and the general will, with the former reflecting private or individual

interests and so becomes a summation of the wills of the persons, while the latter is only concerned with the common interest of society. Sacconi (2006) indicated that the people trusted their decisions to the state (government), who in turn decides what is in the 'best' interest of the trustor, which can only be validated based on the impact or outcome of such decisions on the people. Kaufman et al (2005) agree, noting that individuals in society will be willing to sacrifice some of their personal freedom for the greater good with a guarantee of a social contract that regulates human behaviour. This combination of common interests gives birth to an association that is kept intact by a protection of the common interest of all parties, bearing in mind that it is the social tie holding society together (Rousseau, 1762). These discussions reflect an exploration of the role of individuals in social contract discourse which Thompson and Hart (2006) claim enables the understanding of how the people's perceptions of these contracts influence what they make of them. The role of the individual was further emphasised by Adams (1851, cited in Deinstag, 1996) who agreed with Locke that the social contract actually created a people out of a mass number of unconnected persons or individuals. This attention given to individuals here takes into consideration the role that these individuals play in making decisions that affect others and their reactions to such, with all of such being done based on their different wills and interests.

4.3.1.2 Consent/ Agreement

These features are discussed together here based on how related they are as well as their treatment as pivotal terms in the social contract debate. The former can be seen as the signature which the parties append to the contract as

reflected by the latter, to make it binding on everyone of them (Hobbes, 1651; Locke, 1690; Rousseau, 1762). Hobbes (1651) states the importance of consent in the formation of the contracts that produce civil societies, noting that such contracts cannot be entered into with an individual that does not accept to be a party. Locke (1690) emphasizes that such consent must not necessarily come from every single member of society, but that once a majority agreement is reached that is enough. Deinstag (1996, citing Locke, 1690) noted that the role of the majority as mentioned by Locke implies that there is the possibility that not all will necessarily agree or consent to the workings of the state. He insisted that in deciding to become a people, everyone needs to agree but once that is done, in the future the sovereign only requires the consent of the majority to make decisions. In agreement with how important it is to have the consent of the people, Buchanan (1975, cited in Bester and Warneryd, 2006) pointed out that it is not enough to get the consent of the people, without making effort to ensure that they benefit from such agreements reached. This connotes an agreement by everyone that gives their consent to the establishment of the social contract, leading to the formation of society. This decision is a product of everyone in society and not an individual one, as every party to the social contract benefits from it as they actually have more force to preserve what they have individually as a result of the association (Rousseau, 1762).

Some scholars have argued vehemently against the purported importance of consent, McCormick (1976) argues that it might not be as important as presented. Smith (1978, cited in Khalil, 2002) agrees and points out that people are just born into a society, where they really do not have a choice to decide

what society or environment that would be. Hume (1985) disagrees with attributing so much significance to consent, especially in consideration of how most governments or states come into being as a fall out of battles or conflicts as opposed to the idea of people willingly consenting to be parties to the contract forming governments. Despite these contrary views against the relevance of consent in the formation of the social contract, this research agrees that it is the foundation of any contract, be it social or otherwise.

4.3.1.3 Rationality/ Reason

This feature has been identified as another attribute possessed by the individual that cannot be neglected in making the social contract work, with an agreement from as early as the fifteenth century as to the place of rationality, also referred to as reason (Hobbes, 1651; Locke, 1690). Hobbes (1651) argues that this feature is critical to the formation, acceptance and workability of contracts which is why humans cannot enter into contracts with beasts since they are without reason. Locke (1690) agrees with the importance of reason, claiming it to be the law that governs in the state of nature and it guides the actions of individuals within society, so they live their lives ensuring that they cause no harm to others. According to McCormick (1976), reason is so important that it cannot really be tied with arguments of historical contexts because it has been crucial to human conduct over the years, as it helps them decide what their actions would be. Gifford (2002) agrees that it enables the individuals involved in the agreement to identify, based on their judgements, who can be trusted or not.

Bester and Warneryd (2006) concur that it is crucial not to overlook this attribute, pointing out that before parties decide to undertake confrontation as a

means of resolving conflict they actually consider the options available to them. They posit that parties to such an agreement or contract would resort to conflict after consideration of the following factors. These are their perception or estimation of the other parties' strength and abilities to force a change, their own strength in relation to the other parties involved in the agreement or contract and their chances of winning in the event of conflict. Finally, there is the calculation of the likelihood that what they are fighting (or intend to fight) for could be destroyed if they get into conflict and all of these are influenced by their rationality.

Cordes and Schubert (2007) pointed out that while the rationality of the individual is a crucial aspect of the theory, it must be exercised within the bounds of the rules put down by society. Donaldson and Dunfee (2002) add that while the contractors might not be in possession of all the information about themselves, they are deemed to be rational once they are knowledgeable enough to make moral decisions. Based on this, they are of the view that such knowledge works against Rawls' (1971) position of a veil of ignorance which makes the contractors seem totally oblivious of every fact about themselves. Thompson and Hart (2006) pointed out that despite the importance of rationality in the formation and establishment of a social contract, not every person could be referred to as being reasonable. This seems to suggest that a total acceptance and application of the veil of ignorance or uncertainty may not work well with that of rationality, especially if it is taken into consideration that the level of knowledge possessed by the various parties to the contract could be more than being presented. This implies that the more knowledgeable the

actors are, the more irrelevant it becomes to apply the veil in the same vein (the veil is discussed in detail below). It is further claimed that society gets into a state of war when a party that is not ruled by reason resorts to force or violence in trying to get decisions and outcomes that are favourable to them (Locke, 1690) which emphasises the role of this feature.

4.3.1.4 Government/Society

This is the product of the social contract, but was referred to differently by the early authors such as Sovereign (Hobbes), government (Locke) and sovereign assembly (Rousseau) (McCormick, 1976). The duty of this civil government that comes as a result of a contract or compact between members of society is to ensure that people within society can manage their self-love, in a way that it won't hurt others (Locke, 1690). Even if it means using compulsion, the Sovereign has the responsibility of ensuring that every party keeps to the terms of the contract as not doing so would spell injustice to others who do fulfil their duties by keeping to the terms of the contract (Rousseau, 1762). It is also to this commonwealth to which every member individual in society becomes a member, that each one of them is expected to appeal for the resolution of conflicts and disagreements arising amongst them (Locke, 1690).

However, it is noted that such a government only plays the role of a trustee and not an equal actor or party to the contract, based on which it ensures that the terms of the contract are properly adhered to and executed (Locke, 1690, cited by Deinstag, 1996). Such a role must not be abused in any way that could lead to the abuse of the consent given to the sovereign or government by the parties that agreed to the establishment of the social contract that gave birth to society

and created the role of the state (Waldron, 1989). There is a connection between proper execution of duties by the government and a possibility of abuse or betrayal of the people's trust by not ensuring that all parties keep to the terms of the agreement reached between them.

4.3.1.5 Fairness

This is described by Binmore (2001) as a device that has evolved to the point of being able to bring about equilibrium in real-life games. Cordes and Schubert (2007) agreed to the importance of fairness but insisted that in order for it to have its required impact; certain information deemed to be morally irrelevant should be kept away from the parties to the contract. This is similar to what has otherwise been referred to as veil of uncertainty (Buchanan & Tullock, 1965) or veil of ignorance (Rawls, 1971). The veil is purported to make it a point of duty on the part of the individuals, who are parties to the agreement to make decisions they are convinced to be the best in the interest of all. It is expedient that they do this bearing in mind that they are unaware of what the outcomes of such a decision holds for all. Buchanan and Vanberg (1989) support the veil as being crucial, insisting that the thicker the veil is, the more likely it is to get parties to come to agreement. Binmore (2007) disagrees with the view that members of society make their decisions from behind a veil of ignorance, arguing that individuals would only give their consent to whatever happens in society when they know how that will impact on their enlightened self-interest.

Cordes and Schubert (2007) have pointed out that because of the complications inherent in the application of the veil, it should be treated just as a normative model. In support of this, I think it is noteworthy to point out that while the use of

the veil of uncertainty or ignorance might sound very reasonable based on Rawls' (1971) argument, it might not always be the case in real life situations that all parties to agreements will be behind a veil that excludes certain information from them. This is further deepened by the recognition that the balance of power is not always even, especially with regards to big multinationals and other smaller stakeholders that they deal with in the course of carrying out business operations. As a result, the whole dependence of fairness on how much information each party has access to as being the only factor that determines how fair such parties' decisions will be can be said to be flawed.

4.3.1.6 Revolution/ Withdrawal

The parties to the social contract are deemed to have the right to protest in the event that they suspect that the terms of the agreement are being flouted by any of the parties. In addition to Locke's (1690) argument that the people can appeal to the sovereign when they have conflicts amongst them, they could also react against the sovereign when it is deemed to abuse its role or position in society. McCormick (1976) presents this form of protests against the government as being revolution (Locke and Hobbes) and resignation or withdrawal (Rousseau). By doing this, the people express their displeasure with the way things are being done by the sovereign because they do not feel rightly represented by the latter. Deinstag (1996) states that such steps taken by the people indicates a response to a failed sovereign who violates the terms of the contract as well as a means by which the people try to restore the chain of contracts which they inherited from their ancestors.

A maintenance of the structures of the social contract and living in tandem with its terms as presented above results in the most important benefit derived by all, which is that everyone becomes equal by convention and legal right. Other benefits of the social contract aside from this include; a better and more secured life, liberty, security for themselves, a right made stronger by the association and constant protection. Buchanan (1975, cited in Bester and Warneryd, 2006) argues that the least any social contract can do for consenting parties is to ensure that it guarantees that they can get what they could have got in the state of nature (anarchy). Also, Donaldson and Dunfee (2002) note that social contracts are dynamic in nature which is why they could change over time and space, but that it is still important that parties (especially firms) take such contracts seriously.

4.3.2 Critique of Social Contract theory

Despite the various contributions of scholars across time and geographical location to the idea of a social contract theory, McCormick (1976) has insisted that it is not to be regarded as a theory but rather as just a device that leads up to a theory. He further cited Bentham and Jouvanel as criticising the proponents of the theory (especially the theories of scholars like Hobbes, Locke and Rousseau) as men without childhood, or those who had one but have forgotten that they did have one. This attack is hinged on the position that as a child man has little or no influence on the system in which he finds himself and so could not have contributed to the supposed social control by giving his consent to establish the state. Nevertheless, McCormick (1976) responded by saying the

theory is a well thought out and significant solution to the vast challenges of political philosophy.

Smith (1978, cited in Khalil, 2002) argues that the formation of civil government is not a function of any consent arising from the social contract as posited by the likes of Locke. He supports this position with various points, one of such being the fact that people do not have any choice in deciding where and when they are to be born so could not have come into any contract with the sovereign that rules. He also points out that if there was a previous contract entered into by earlier generations that is binding on the present generation, then there would be no need for public office holders to take oath of office before taking up such positions of responsibility because the earlier one would still be binding. In agreement, Hume (1748, cited in Cordes & Schubert, 2006) faults the view that an agreement (whether real or implied) made by some persons hundreds of years ago should be binding on others in contemporary times, this is considering the fact that persons in latter times were not parties to such earlier agreement.

Sacconi (2006) stated that one major weakness of the theory is its lack of prescriptive abilities that will assist firms in applying the theory, with Heugens et al (2005) arguing that the theory seems to be looking for a way to be applicable in real life situations. Thompson and Hart (2006) agree stating that the presentation of people within society as fully understanding what is expected of them as a result of the supposed contract with an exploration of how such people comprehend these relationships is flawed.

4.4 *RESOURCE DEPENDENCY THEORY*

This theory investigates how the importance of the resources being exchanged by the various stakeholders to the continuity of their relationships. From the theory explored above, it can be seen that aside from those who are involved in the relationships that we have reviewed there are other things also important. The contract is more important than the members of the society that are parties to it, as without it there would be no relationships between the various actors involved. These contracts are put in place to protect the different interests of the stakeholders involved as they lay claim to the resources being exchanged amongst them in such relationships. Frooman and Murrell (2005) are of the view that stakeholder relationships should actually be studied with a concentration on the relationships and not the stakeholders themselves. This theory has been previously applied to stakeholder discussions where the stakeholders have been considered as holders of resources critical to the survival of the firm (Kreiner and Bhambari, 1991; Agle et al., 1999; Frooman, 1999; Jawahar and McLaughlin, 2001).

The theory mainly focuses on the dependence of the firm on the environment for critical resources that lead to uncertainties (Chin et al., 2004), with Emerson (1962) as well as Pfeffer and Salancik (1978) being credited with much of its make up. Emerson (1962) explored the concepts of power and dependency, with much attention paid to how these two are related to each other, laying a foundation for the development of the theory. However, Pfeffer and Salancik (1978) insisted that for any organisation to be successful and survive the challenges of the modern business environment it needs to manage its external

environment so that it maintains the critical resources that it requires to keep it going. According to Chin et al. (2004), over the years contributors have taken to the opinion that firms should be proactive in ensuring they control required resources in their pursuit of the firm's effectiveness. It is noteworthy to point here that most of the works on RDT have used a business-business approach within a competitive environment, which is based on the view that the firm has some of the resources needed by other firms.

Froelich (1999) sums up the theory by referring to Pfeffer and Salancik's (1978) position that what ensures the survival of any organization is its ability to get as well as keep needed resources. This implies that while a firm can acquire resources, it also stands the chance of losing them. Jawahar and McLaughlin (2001) agree but note that the level of importance of such resources will lead to dependence by the firm on the resource controller or holder, so the firm must make an effort to maintain such resources once they are acquired. Froelich (1999) warns that this responsibility is not an easy one because of the unstable and uncertain nature of the external environment which is competitive as other firms are after these same resources, and this makes it important for the firm to interact with those that control such resources.

The management of stakeholder relationships becomes the major strategy used by firms to achieve maintenance of these resources, as these stakeholders hold the key to the different resources required for the achievement of organizational goals. Jawahar and McLaughlin (2001) state that as a function of the different levels of dependence firms will use such strategies as Reaction, Defense, Accommodation and Proaction in their management of these relationships.

They further argued that the particular strategy to be applied to a stakeholder will be based on the level of importance and attention which that stakeholder attracts as a result of the firm's dependence on it. However, in consideration of the dynamic nature of the firm's needs, such levels of attention could also change over time which means the firm will apply different strategies in line with its needs at the point in time. Frooman and Murrell (2005) argued that in order for managers of firms to properly manage the firm's relationships with its stakeholders, they need to be aware of the likely strategies or options that are available to such stakeholders.

Frooman (1999) had earlier generated four types of stakeholder influence strategies (as discussed in detail in Section 3.3.5, p. 75) which could be used by stakeholders and firms in their relationships with others, which are Withholding, Usage, Direct and Indirect strategies. These have to do with the stakeholder deciding to either withhold its resources from the firm or use such against the latter. These could be done directly by the stakeholder or through allies that have direct relationships with the firm or other stakeholder. He also stated that the level of dependence on each other for resources by each of the stakeholders involved in the relationship results in different types of firm-stakeholder relationships, according to the power possessed by each as a result of its control of the resources. These relationships dictated by the resource dependence between the stakeholders include Stakeholder Power, Firm Power, High Interdependence and Low Interdependence (Frooman, 1999; Frooman and Murrell, 2005).

Aside from the focus of the theory on the resource as being at the centre of the relationship, there is the other angle of the relationship which has to do with the options available to the stakeholder or the firm in terms of alternatives for sourcing critical resources (Casciaro and Piskorski, 2005). These authors further emphasized that in order to really understand the theory; two concepts have to be looked at, which are Power Imbalance and Mutual Dependence. Power Imbalance refers to the level of influence which the different actors have on each other in the relationship and how that tilts in favour of each one. On the other hand, Mutual Dependence refers to the level of dependencies between the actors, irrespective of whether they are balanced or not. This implies that the level of dependence existing between the different actors will either affect or be affected by the level of power that is exerted in the relationship. The dependence resulting from the scarcity of resources leads to uncertainty and takes decision-making slightly out of the control of the firm (Chin et al., 2004), and that is exactly what the firms want to avoid which is why they seek strategies that can be applied.

In spite of the discussion of Power Imbalance and Mutual Dependence above, it is noteworthy to point out that this does not have anything to do with equality or inequality, but it is mainly about importance of a stakeholder to another stakeholder in relation to resources. The implication of all this is that firms do not operate as islands; rather they depend on others outside of themselves to bring their goals to fruition as given further credence by Emerson's (1962) discussion of dependence. Consequently, the kind of dependence or reliance that a firm has on another firm or group will be a function of the resources

required by the dependent firm from the latter which puts the balance of power in favour of the resource holder. This further puts into perspective the importance of the firm or stakeholder properly managing its relationships with others, knowing that such could be crucial in its maintenance of access to the resources deemed critical to it.

4.4.1 Critique of Resource Dependency Theory

The theory is very useful for this study, but it still has a few weaknesses. Firstly, Casciaro and Piskorski (2005) had identified one major challenge that has plagued the theory as being the non-separation of power and mutual dependence from each other bearing in mind that they work against each other. The merger of these two together is purported to weaken the theory as an increase in one results in a decrease of the other, making them counteractive to one another. Secondly, they also pointed out that the theory has been referred to as being too dyadic being that it neglects other relationships that the firm is involved in and focuses on just the direct relationships of the firm. This study deems this to be a major challenge, considering that it is aimed at discussing the various relationships between stakeholders in the industry under study.

Thirdly, it can be seen also that most of the works done in this area has been from the point of making sure that the firms get it right in maintaining access to the scarce resources that are needed for its success and survival. This approach has neglected the need for resources by other stakeholders with whom the firm has interactions, as agreed to by Casciaro and Piskorski (2005) who posited that the theory has been one-sided with regards to this. This approach considers only the interests of the firm as being important which

explains why the focus is on helping the firm maintain its access to critical resources required.

Finally, Chin et al. (2004) posited that despite the theory's popularity, it lacks empirical evidence as there is not much empirical work to back up or support its supposed popularity. This view is supported by the researcher as being true to a certain extent as reflected by the unavailability of such empirical literature, which could further enhance the growth of the theory and give it more credence.

4.5 JUSTIFICATIONS FOR THE USE OF THEORIES

This chapter has been aimed at presenting the theories applied to this study and their various features as outlined above, however this section will be concerned with providing justifications for the use of these theories. This discussion of justifications will include a presentation of the links between the features of the theories discussed here as well as support from authors who have previously applied these theories to their studies.

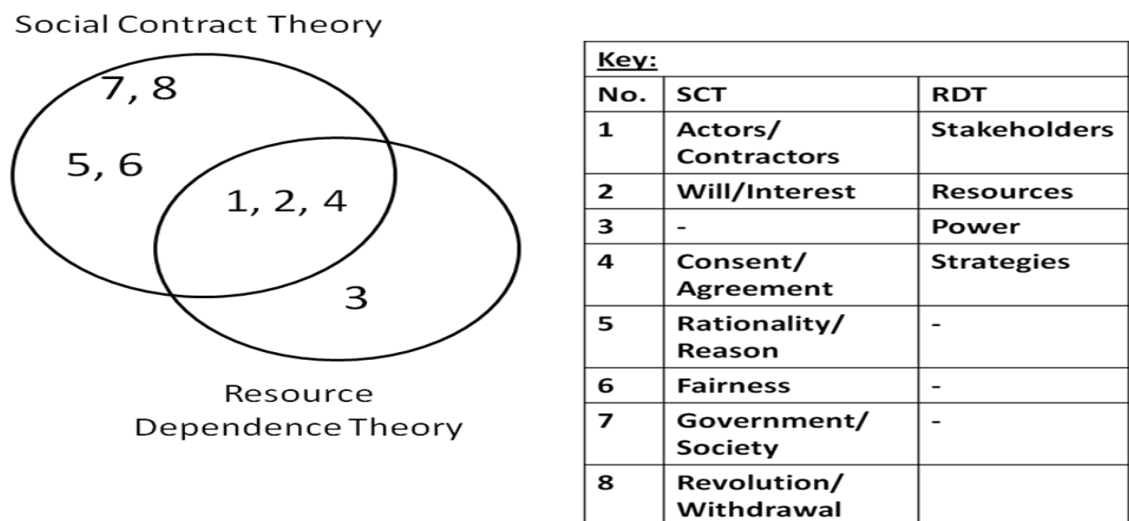


Fig. 4.3: Theoretical Links

In terms of numbers 1, 2 & 4 above, both theories state that there are actors, contractors or stakeholders that are involved in a relationship with each other with the aim of protecting certain interests or accessing critical resources. This influences the kind of decisions they make which could be in terms of giving their consent to an agreement, looking at the choices available to them and deciding on what strategies to apply in getting their goals met. From numbers 5 & 6, Social Contract Theory emphasizes the role of rationality (reason) and fairness in the determination of these choices or decisions that are made by these contractors. Resource Dependence Theory presents power as being dependent on the controller of the resources in contention between stakeholders (number 3), while Social Contract Theory claims that the society as represented by government has the responsibility of ensuring that all members of society comply with the terms of whatever agreement they have entered into with others (number 7). It further states that in cases where government is not carrying out its responsibilities, the people have a right to protest such actions or inactions by either revolting against the former or withdrawing their support for it (number 8). The above explanation shows that these theories while they may have similarities are different from each other, hence their usage to complement each other in areas where they differ. Meanwhile, in the areas of their similarities they will be used as further validation of such features in relation to stakeholder relationships. This is done in the light of the earlier explanations given about the reasons for the choice of these theories in their individual reviews above.

Also, there is the position put forward by Binmore (1994) that the social contract is what keeps consenting parties in line within the game of life and this leads them to making decisions based on their understanding of the likely outcomes of such decisions. As a result, such decisions are most times targeted at win-win situations for all parties involved, even as each party to the contract attempts to protect its self-interest in a rational way. In addition, it can be said that in order for any relationship (that of stakeholders inclusive) to be properly understood such ought to be seen both as a contract and as a game. Such a contract could be real (expressed or actual) or implied (psychological), so long as it has obligations and rights accruable to all parties involved. These could be claimed by the parties involved, but it must be noted that they may be at varying degrees and levels, according to the interests or commitments of the contracting parties.

Furthermore, Hobbes (1651) gave an indication of another justification of the use of both theories when he discussed lots as being either arbitrary or natural. The first is about the parties giving their consent, while the second refers to a situation where the first possessor of the things for which lot is being cast keeps it. From this we can see consent (social contract) in the arbitrary sense of lots, and outcome or payoff (resources) in the sense of what is at stake. These lots or outcomes that determine what the stakeholder gets from the relationship can be seen as the resources that they exchange between them in the course of their interactions.

4.7 GAP IN THE LITERATURE

This study has been able to review the literature on CSR and Stakeholder relationships in the Nigerian Oil Industry as well as the two theories chosen to undertake the study. As a result of this review, it has been discovered that previous studies on the context have focused on CSR activities and how much of such the oil companies have undertaken, without any attention given to the relationships amongst the stakeholders in the region. This study aims to fill this gap in the literature by focusing on the features that impact the relationships between stakeholders in the industry, as a way of understanding the nature of these relationships. This is approached from the connection between these relationships and CSR activities in the industry, in terms of how these affect each other.

The review of the literature on the subject as presented in these two chapters give an indication as to how the study can undertake an examination of the nature of the relationships between stakeholders in the Nigerian oil industry. As a result, this guides the development of research questions that would aid the understanding of the different features that shape the nature of these relationships. Also, considering the importance placed on CSR in the region with regards to community development, another question investigates the connection between CSR and stakeholder relationships. Closely linked to this question is one that explores how dependencies are created amongst stakeholders as they relate with each other, as influenced by the resources at stake. Finally, there is a question regarding the place of agreements in these relationships and the impact of such on how these interactions are shaped. The

above questions are further aided by the proposition of the model below which gives an indication of the perspective of the relationships amongst stakeholders in the region not previously explored by authors and researchers in the area.

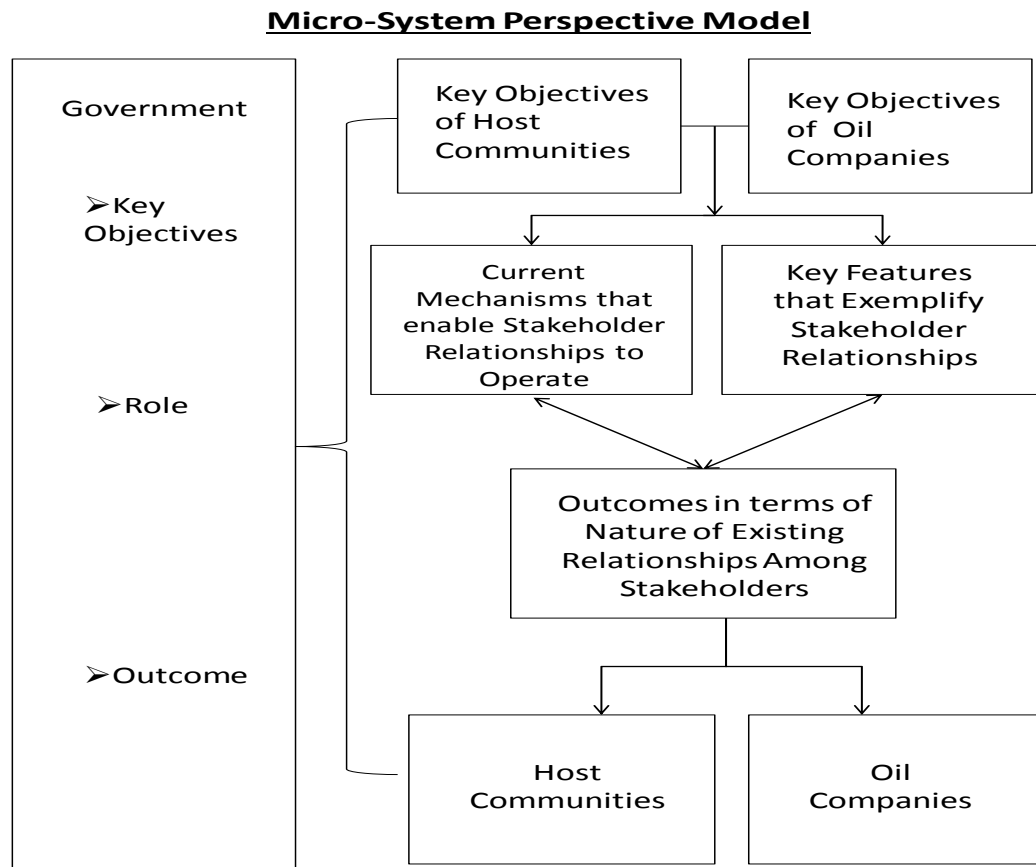


Fig. 4.4: Micro-System Perspective Model

The above figure shows a micro-system perspective of how the relationships between stakeholders in the industry are supposed to be dynamic, with the key objectives of the oil companies and host communities leading to the commencement of these relationships. These relationships are then influenced by the different mechanisms that facilitate how they are operated as well as the key features that reflect their nature. These mechanisms and key features jointly shape the outcomes that are derived by the different stakeholders from

the nature of these relationships, with these varying according to the nature of these relationships. It is noteworthy to point that the Government is expected to be separate and only influencing relations amongst the other two major stakeholders through the different roles it is supposed to carry out in the industry. It is expected that such neutrality when exhibited by the Government would mean that they would be objective in mediating between the other two stakeholders, in the manner of the sovereign as posited by social contract theorists. This model as presented above will be further discussed and findings from the data gathered reflected in the discussion chapter where examples from across the region will be presented.

4.8 SUMMARY

This chapter has discussed the theories being used for this study bringing out their main features especially in relation to this research, as well as their justifications and critiques. In providing these justifications, the author has tried to indicate and explain the similarities as well as differences that aided the choice of these theories together.

In undertaking the review of these theories, certain gaps have been identified with regard to the specific context within which this study is carried out and the study hopes to fill such gaps by its conclusion. These theories have been chosen for their attributes which are deemed useful to enhance the achievement of the study's aims and objectives, as they aid the answering of the research question set at the beginning. The next chapter contains a presentation of the methods used to undertake this study in order to provide answers to the research questions asked.

CHAPTER V: RESEARCH METHODOLOGY

5.1 INTRODUCTION

This chapter of the study is aimed at presenting the various methods to be used in gathering data as well as the analysis of such data, all in a bid to achieve the aims and objectives of the research. This is bearing in mind that research concerns the systematic collection and interpretation of data with a clear purpose in mind (Saunders, et al 2007). Ghauri and Gronhaug (2005) regard this as being reflective of establishing a relationship between the reasons for the research, the methods used, the results achieved and any limitations of the research. As a result of these relationships between the various aspects of any research project, the justifications for the choice of the methods used in carrying out this study will be discussed.

This study is aimed at making some positive impact in the Nigerian oil industry as practicality and applicability are considered very important in business and management research (Easterby-Smith, et al, 2002). This chapter is divided into the philosophical considerations, the research design and the research techniques guiding the implementation of this research.

5.2 PHILOSOPHICAL CONSIDERATIONS

The burden of expectation placed on every research work is to contribute in some way to the advancement of knowledge, no matter how minute or innovative such an expedition may be. The nature of such knowledge will to a great extent depend on the kind of beliefs and perceptions that make up a researcher's world view, which further influence the kinds of decisions made

about strategies and methods (Saunders et al, 2007). Such beliefs and perceptions are influenced by three components (*epistemology, ontology and axiology*) deemed instrumental to what a researcher regards as important to be studied at a particular point in time and what could be seen as useful to do such. Gray (2009) in discussing *ontology* and *epistemology* indicated that the former is the study of being or what is, which can be summed up by an understanding of the nature of existence; while the latter refers to trying to understand what it means to know. However, Crotty (1998) warns that the different words used to differentiate the various philosophical perspectives can sometimes be inconsistent or even contradictory, so he referred to them as being 'the most slippery of terms' (p.183). This could explain why there are various references to different words by different authors as meaning different things; however for the sake of this research Saunders et al's (2007) propositions will be used as a guide for this chapter.

5.2.1 The Subjectivist

The ontological stance is concerned with the 'study of being' which is encapsulated in trying to understand what actually is (Gray, 2009), meaning the level of knowledge about the social world at our disposal and the possibility of such (Snape & Spencer, 2003). The main argument here seems to be whether social entities exist separate from social actors or that the former are formed by the interpretations given to them by the latter (Bryman and Bell, 2003). *Objectivists* posit that social phenomena manifests outside the reach of social actors and so cannot be influenced by the latter (Bryman, 2004). This position is inclined towards the thinking that the social world or reality exists of its own

accord and so cannot in anyway be affected by what happens with or to social actors that exist within it (Saunders et al, 2007). *Subjectivists* on the other hand argue that humans are instrumental in the creation of social phenomena through their actions and perceptions, through their continuous social interaction and exchanges with each other (Saunders et al., 2007). This construction of the social phenomena by social actors and their interactions with each other which could be referred to as constructionism or constructivism is not static, but dynamic resulting in a continuous process of revision (Bryman, 2004). Denscombe (2010) states that such continuous construction of social reality is influenced by the words, actions and beliefs of people in different places at various points in time, which results in the differences in social phenomena.

The ontological position taken for this research is the subjectivist and this is as a result of the belief that the interactions that take place between individuals and group contribute to the building of such social worlds. In this particular research, the researcher believes that the nature of the relationships between the various stakeholders that make up the industry are impacted and constructed by the interactions between such stakeholders. These interactions are not absolute in nature so they are deemed to be contextual even as they build our knowledge base of social reality (Byrne, 2011). As a result, this study will undertake an examination of how the different stakeholders construct the relationship between them through their words, actions and beliefs while interacting with one another.

5.2.2 The Critical Realist

One's epistemology refers to what is deemed by that person as constituting knowledge in a field of study (Saunders et al, 2007, p.102), and this varies from one area of research pursuit to another. Its dealings with knowledge and its meaning depends on what is deemed legitimate and adequate by the researcher, meaning that knowledge will be viewed differently by the social scientist and the natural or environmental scientist (Gray, 2009). The different epistemological positions are positivism, realism, interpretivism and critical realism with each of these focusing on a certain view of knowledge. *Positivism* emphasises observation and generalisations (Remenyi et al., 1998), while *realism* regards social reality as being separate from researchers' descriptions of it (Bryman & Bell, 2003). *Interpretivism* focuses on interpretation based on the culture and history of subjects (Crotty, 1998), while *critical realism* hinges on human experiences as being an indication to the existence of reality but it is not the reality itself but an indication that there is reality (Saunders et al., 2007).

This study is aligned towards *critical realism* which is deemed to be a departure from the realist epistemological position and as a result has become an important part of social science research in recent times (Mir and Watson, 2001). It is aimed at a facilitation of change in social structures by identifying the various structures that make up the social world (Bryman, 2008) through understanding of such structures (Saunders et al, 2009). Such an understanding must be in terms of the relationship between these structures and the various objects that are contained within and their interactions with each other in creating individual identities (Tsang and Kwan, 1999). These are

some of the factors guiding this study, as it aims to investigate as well as improve stakeholder relationships in the Nigerian oil industry, by looking at the interactions amongst the various stakeholders in the context of the study. This choice further helps as one realises that the social reality being studied by any researcher actually does exist outside of the participants involved in the research, including the researcher.

5.2.3 Axiology

This refers to the external as well as internal or innate values that researchers bring to the research process (Moreton-Robinson & Walter, 2009) through the role played by such values held by the researcher as well as judgements of such values. Heron and Reason (1997) argued that this aspect of philosophy is so important that it should be considered as another dimension of research philosophy. Such importance given to the values held by a researcher (Saunders et al., 2007) as developed over time makes it necessary for such a researcher to point out a few things about their value system. Heron (1996, cited in Saunders et al., 2007) argues that these values determine the direction a study takes, so he suggests that a researcher writes a statement of personal values with regard to the specific topic under study.

In line with the above, the researcher presents the following statement of value in relation to stakeholder relationships;

- he believes that CSR should be treated as an important part of business activity

- he views businesses as a part of society, as evidenced by the status of an artificial person that can sue and be sued which is granted to the firm at its incorporation as a business or social entity
- he believes that just as humans treat their neighbours right or are expected by society to do so, businesses must strive to meet such expectations of being good citizens

The above stated values have emerged in the researcher over time as a result of his upbringing in an African communal society where he was raised to be careful not to be involved in actions that hurt others that he comes in contact with. There is also the understanding of the place of talk with regards to giving an idea of what actions in the African setting, with the use of idiomatic expressions and proverbs to make points of emphasis. Hence, these values have influenced the researcher's approach to this study, especially in view of his perceived view of the connection between business and society. This has led to the dependence on different data gathering methods and sources as a way of getting a better understanding of the relationships existing between stakeholders in the industry under study. The idea of businesses and society being good neighbours is therefore regarded as being significant to how businesses approach their operations, giving consideration to the impact of such activities on society.

5.3 RESEARCH DESIGN

This section presents the research design which covers a description of the different aspects or parts of the study, clearly states how these aspects of the study connect with each other and provide justifications for the chosen direction

of the study (Denscombe, 2010). It also shows the strategy of this project which reflects what is embodied in the overall orientation of undertaking the study (Bryman and Bell, 2003), especially in terms of specifics (Creswell, 2003). Hence, this section specifically presents the approach, strategic direction, nature of the study and the time horizons adopted for this study below.

5.3.1 Research Approach

There are two approaches to research that could be taken by the researcher, which are *deductive* and *inductive* approaches (Bryman and Bell, 2003; Snape and Spencer, 2003; O’leary, 2005; Hair et al., 2007; Saunders et al., 2007; Bryman, 2008; Gray, 2009). The key thing about approaches aside from their role in the gathering of data is that they involve how the research intends to engage with theory as it aims to add to the body of knowledge.

The *deductive approach* relies on the creation of hypotheses and propositions out of theory, which aid the backing of whatever conclusion reached at the end of the research (Snape and Spencer, 2003). It is reliant on literature or other forms of the researcher’s experience (O’leary, 2005) which explains why it begins from generic positions to the more specific ones (Hair et al., 2007). This approach has a lot in common with the scientific way of undertaking research and as a result it is the prevalent approach in the natural sciences since it is more about testing of hypotheses and propositions (Saunders et al., 2007; Gray, 2009). This approach is the main one adopted for this study in conjunction with the inductive one, as the process is started with the review of literature leading to research propositions and their testing. The *inductive approach* has been referred to as a flexible one that usually leads to the

building of theories or frameworks as compared to the deductive which undertakes theory testing (Hair et al., 2007; Saunders et al., 2007). It is claimed to start blank without any prior themes or theories as in grounded theory (O’leary, 2005; Gray, 2009) though it is argued that this may not be true since the choice of a topic is often influenced by theory and feeds back into the pool of knowledge (Bryman, 2008; Gray, 2009).

Both approaches are used in this study in an *iterative* way that involves both approaches at various points of the research, as it becomes necessary to do so (Bryman, 2008). Gray (2009) agrees that these could be used together so long as one is used first leading to the application of the other if they are used concurrently, noting that they are not parallel to each other. With these justifications from authors about using these approaches together, iterative approach is adopted for this study though it is more deductive in nature with some induction too; for instance, research questions are proposed guiding the collection of data. Also, certain themes that were not generated from the literature review have come out of the data in the course of its preparation and analysis.

5.3.2 Strategic Direction of the Study

In addition to the approach adopted by this research, the sort of questions to which answers are sought also impact the research design (Denscombe, 2010). The three major types of reasons for which research is undertaken are to carry out exploratory, descriptive or causal studies of an issue (Hair et al, 2007), though there could be a combination of these. *Exploratory research* is used or applied when the researcher is interested in getting more information or insight

where there is little information (Hair et al, 2007) or when there is a need to enhance one's comprehension of a particular issue or social reality (Saunders et al, 2007). It grants better understanding on the issues being explored even as it illuminates the topic and thereby tends to bring to the fore new things or old things that have either been neglected or not been viewed in a particular light. *Descriptive research* tends to present things exactly the way they are by way of describing the attributes of the object of the research (Hair et al, 2007) and so could either be used in conjunction with exploratory or explanatory research in order to gain a better understanding of reality before data is collected (Saunders et al, 2007). Hair et al (2007) emphasize that this research purpose or design mostly works with studies that are aimed at testing hypotheses, making them very structured in execution. On the other hand, *explanatory research* is undertaken by a researcher when there is an interest in trying to discover a cause and effect connection between variables, thereby explaining such relationships (Saunders et al, 2007; Hair et al, 2007). In other words, the focus here is to give reasons or allusions as to why things are the way they are, hence the high dependence on available literature on the topic under study as well as well built theories (Denscombe, 2010).

This research is undertaken using a combination of all three purposes as it hopes to understand what the relationships between the stakeholders in the Nigerian oil industry is through description, while getting explanations and exploring these relationships. This combination is aimed at answering the overarching research question which is: *what is the nature of the relationships*

that exist in the oil industry; as well as the sub-questions used in seeking answers to the above overarching question.

5.3.3 The Qualitative Choice

In addition to the approach and strategic direction of the research as identified above, there is choice of how to go about the study, which could be qualitative, quantitative or a combination of both (Saunders et al, 2007). The choice made for this research is the qualitative one, mainly because of the philosophical positions of the researcher as identified above which are the subjectivist as well as critical realist views and how these are deemed very useful in answering the research questions (Ritchie, 2003). Also, the open-ended and textual nature of this work in terms of the survey and interview questions asked in the process of data collection further makes this choice the most appropriate (Snape and Spencer, 2003; Denscombe, 2010). As a result, the methods used in the process of this study will be influenced by the qualitative choice made here and these will be chosen considering those that will be more appropriate to the gathering and analysis of non-numerical data which is associated with quantitative research.

5.3.4 Research Time Horizons

The next aspect of the research given consideration is the time span of the study which falls into two groups, such as cross-sectional or longitudinal studies (Saunders et al, 2007). The main difference between these two is that the former refers to studies carried out at a single moment in time, while the latter are those studies that are interested in multiple points in time (Hair et al, 2007; Saunders et al, 2007). There is also an attribute of the cross-sectional study

that has to do with the study of a phenomenon across different cases, yet this is done at a single point in time (O’leary, 2005; Bryman, 2008). This is deemed important even as every research project is carried out with a consideration of the impact that time has on it (Lewis, 2003), in terms of the process and outcomes. This research falls within the category of a cross-sectional study considering that it is interested in the nature of relationships between stakeholders in the Nigerian oil industry within the time of the study. This time strategy is deemed relevant to studies carried out with respondents being contacted once for data collection, making it reduce the costs involved with the longitudinal one, as the former is seen as a one-off strategy of data collection (Sekaran & Bougie, 2010). Hence, this being deemed less expensive and less time-consuming as compared to longitudinal studies (Bryman, 2008), especially bearing in mind that the researcher is limited both in terms of resources as well as time.

5.4 RESEARCH TECHNIQUES AND PROCEDURES

The collection and interpretation of such data must be undertaken in a way that is deemed systematic (Saunders et al., 2007), which is exactly what this section aims to present. This is done by presentation of the techniques and procedures used to gather as well as analyse data from the field.

5.4.1 Research Population

The *research population* for a particular study refers to the total number of cases that will constitute the whole from which a sample is taken and could either be humans, organisations or inanimate things (Saunders et al., 2007). These cases are the ones that have informed the research journey and so the

researcher is interested in finding out something about them (Ruane, 2005). The objects that make up the population for this study are the stakeholders of the Nigerian oil industry including the oil companies, the host communities, government, NGOs and experts. These stakeholders are considered important to this study as members of the research population because of their access to critical information (Hair et al., 2007) as a result of their direct interactions with each other. This population has some things in common which they share such as the geographical location that they occupy in the Niger Delta region (Sekaran and Bougie, 2010) as well as other attributes which they share that may not be captured in terms of physical location (Hair et al., 2007). Such other attributes could be the political system as well as the impacts of the activities in the industry on these stakeholders, especially socially and economically as everyone is affected by these in some way. It is noteworthy that while more stakeholders could be included in this population; the chosen ones were based on their geographical proximity with the industry which increases their chances of being impacted by the activities therein. Also, the focus on these stakeholders who are on ground directly in the region is hinged on the research aiming to provide answers to the overarching question of the nature of relationships existing amongst the stakeholders in the industry.

5.4.2 Research Sample

This is made up of the individual or specific cases, elements or objects chosen for a study, which are the few that aid our understanding of the many actors that constitute the population (Ruane, 2005). For this study, the sample includes stakeholders in the industry such as four oil companies (Chevron, Mobil, SPDC

& Total), experts, Non-governmental organisation (NGO) representatives and host communities in four states where these four oil companies operate. The choice of these stakeholders is based on the expectation that the knowledge derived from a study of this subset of the research population enables the researcher to reach a conclusion about the entire population (Sekaran & Bougie, 2010). Also, the chosen study sample helps the researcher to undertake the research without the stress and expenses involved with using every single element of the population that could be studied (Saunders et al., 2007). The selection of these stakeholders to be studied as a representation of the population is done using snowball and judgemental or purposive sampling, based on the information that they hold on the topic (Hair et al., 2007).

The *snowball sampling* method concerns referrals given by a small number of objects initially chosen to be part of the study (Ruane, 2005; O'leary, 2005) leading to the identification of experts, Non-governmental organisation (NGO) representatives and community representatives for interviews. The initial participants were contacted through business as well as academic contacts of the researcher and they helped to get others who were interviewed for this study. The use of this sampling method to identify the stakeholders mentioned above is deemed very useful for this study because of its sensitive nature and these stakeholders not being easily identified (Bryman, 2008). Such sensitivity made it difficult to proceed with the research without access to these stakeholders, even as members of the communities were reluctant to partake in more research as they have been involved in quite a number which they now regard as mere rhetoric. One bias levelled against this sampling method is the

possibility of identifying homogeneous participants (Saunders, et al 2009), which was addressed with the identification of the stakeholders from different NGOs, communities and professional backgrounds.

The *purposive or judgemental sampling* method involves the researcher making a choice of the objects that are involved in the sample based on the ones deemed most appropriate to meet the research objectives (Saunders et al., 2007). This was instrumental to the choice of the four oil companies involved in this study as they were selected based on their ability to provide the information required to answer the research questions (Sekaran and Bougie, 2010). These four companies (Chevron, Exxon-Mobil, SPDC, and Total E&P) were chosen in relation to their operations in four Niger Delta states (Delta, Akwa Ibom, Bayelsa and Rivers). The choice of these was based on their position as the biggest companies operating in the industry, while the states are the highest producing states of all the nine states that make up the region. These characteristics of the oil companies and states chosen make them important to the industry, as they are jointly responsible for a greater percentage of activities in the industry. The representative nature of this study is derived from the mobility of people in the region, as can be seen from the different respondents that filled the questionnaires as shown in the data analysis chapter. It is also important to point out that the Nigerian oil industry is critical to the nation's survival with over 59 oil companies operating in the upstream and downstream sectors of the industry at different levels such as Joint Venture, Alternate Funding, Production Sharing, Service, Independent/Sole Risk and Marginal levels (NNPC, n.d.) across the various states of the region (see Chapter II, Section 2.3 pg. 13). As a

result, it was almost impossible to have interviews with all the companies operating in the area, which led to the selection of a sample of companies operating in different states using the purposive sampling method.

5.4.3 Data Collection Methods

A study's credibility depends wholly on the ways in which the data was gathered or collected (Kumar, 2005), which can be either primarily or secondarily (Saunders et al., 2007) depending on the one deemed relevant to the study. This study will use primary data sources to gather information needed to meet the research objectives stated at the beginning of this thesis. Hence, the methods of data collection that make up this source of data will be discussed in this section in line with Kumar's (2005) view that it is important to have an outline of the methods used to gather data.

The information for this research was generated directly by the researcher based on the areas of interest in relation to stakeholder relationships (Sekaran and Bougie, 2010), which is why the data was collected according to the specific needs of this study (Malhotra & Birks, 2000). The generation of the data according to the researcher's needs and demands in a purposeful manner is deemed the main advantage of this method of gathering data for research purposes, as it is fit for purpose. There are diverse ways of gathering this kind of data, such as interviews, surveys or questionnaires, focus groups, observations, panels, etc. (Lewis, 2003; O'leary, 2005; Saunders et al., 2007; Hair et al., 2007; Bryman, 2008; Sekaran and Bougie, 2010). This study adopted the use of questionnaires and interviews to gather data needed, but these were first tested with pilot studies before they were administered to the

respondents and interviewees respectively. Below is a Table showing the summary of the methods and thoughts guiding the choices made,

	Questionnaires	Semi-structured Interviews
Objective for use of method	To obtain the perceptions of Stakeholder Relationships in the industry at community level.	To gain comprehensive insights from the different stakeholders (NGO, Companies & Community representatives)
Respondent Groups	Members of Host Communities	NGO, Host Community & Company representatives as well as Community Development Experts
Sampling Approach/ Justification	Purposive Sampling: This approach was taken as a result of the nature of the study which requires a certain level of knowledge of the workings of the industry under study.	
Sampling Criteria	<ul style="list-style-type: none"> • Level of education • Well informed to answers survey questions • Some level of connection to the industry aside from being members of the host communities, such as being employees or suppliers of these companies, community and youth leaders, etc. 	<ul style="list-style-type: none"> • Level of authority to represent companies, communities and NGOs • Access to information relevant to the study • Experience with regards to the different activities in the industry over the years, either as staff of the companies or NGOs, leaders of communities and consultants or experts working in areas closely related to community development and CSR.
Analysis Undertaken	Thematic Discourse Analysis: Involving main themes and sub-themes, with the interpretation of the latter helping the discussion of the former	
Expected Findings in relation to Research Questions	RQ1: To discover the different features that influence these relationships between stakeholders in the industry.	
	RQ2: To find out how these are associated with each other by the people in the region.	
	RQ3: To establish the place of resources in deciding the power balance and dependencies amongst stakeholders in their interactions with each other.	
	RQ4: To identify the role of agreements as represented by the MOUs and GMOUs in place between the stakeholders in enhancing their relationships with each other.	

Table 5.1: Brief on Data Collection Methods

5.4.3.1 Timeline & Process of Data Collection

The data collection lasted for 4 months, between October 2011 and January 2012 with the methods used concurrently. This approach was chosen as a way of compensating for the weaknesses inherent in each of these methods of data collection (De Leeuw, 2005) while also ensuring that they were used appropriately to get answers to the research questions for the study. The questionnaires were distributed by the assistants to the respondents based on the sampling criteria given to them as stated above. As part of this dissemination process, the assistants were required to explain what the study was aimed at achieving, assuring them of the confidentiality of the study and providing clarifications where they were needed by the respondents. They later gradually retrieved these questionnaires from the respondents over the 4 month period as they became available for retrieval from respondents.

The assistants recruited to assist the researcher with the dissemination and retrieval of the questionnaires were youth leaders in the 4 states under study, with 2 chosen from each state making a total of 8 assistants. They were identified by the researcher with a snowball sampling approach through church, family and conference contacts, and were chosen because of their access to community people as a result of their positions as youth leaders in these communities. As a follow up to their identification and agreement to assist with the process, they were briefed by the researcher on the aims of the study, their role in the process, how they were expected to undertake such roles and the need to get in touch with the researcher without hesitation if there was any need for further clarifications. As a follow up to this, the researcher used the phone

numbers they provided to keep in touch and find out how they were faring with process, on the average every fortnightly. They further undertook the dissemination by purposively sampling the respondents who filled out the questionnaires based on their levels of education, access to information and connection to the industry, as reflected on Table 5.1 earlier. The researcher went back to the area to retrieve the returned questionnaires from the assistants, during which time they were debriefed to ensure that they implemented the process according to the briefing they had received. The researcher further supplemented this process by the validation of the questionnaires through a cross-checking of answers to questions against others that were similar, thereby screening out those with variations between them or suspected discrepancies. For instance, Question 6 asks the respondents to identify which of the stakeholders listed that they consider to be either a Primary or Secondary stakeholder, so if a stakeholder picked a group as being both then it invalidated that response. Also, in a case where the respondent answers a follow up question without answering the initial question, such a response is deemed invalid. In addition to these, some questionnaires were invalidated based on similarities in responses given by respondents.

5.4.3.2 Pilot studies

This involved putting the methods and instruments decided upon through tests that will enhance the identification of any challenges or issues that could arise during the actual data collection process and the avoidance of any of such (Denscombe, 2010). This process was aimed at confirming the workability of the methods proposed to be used in collecting data as it makes for an effective

use of such methods, since the researcher reviewed them after piloting (O'leary, 2005). The initial plan by the researcher to use focus groups was discarded as a result of the feedback from the pilot interview conducted, as later discussed in detail in the data analysis chapter. Also, the questions asked in the survey instruments were refined in order to make for easier understanding by the respondents, especially considering that they were meant to be of different literacy levels to reflect the representative nature of the surveys. The refinement further resulted in an increase in the number of questions in the survey from eleven to fifteen, while the demographic questions were reflective of the specific states chosen for the study. This process meant that the issues identified were mitigated before the main data collection was embarked upon, reducing the costs that could be associated with making such adjustments while in the field sourcing the data.

5.4.3.3 Questionnaires

These are also referred to as surveys which involves the collection of data by asking different individuals questions about an issue of interest (O'leary, 2005), thereby generating data through the responses to the same set of questions from different people (Saunders et al, 2007). For effectiveness, any researcher using it must be very clear about what information is anticipated in terms of variables (Sekaran and Bougie, 2010) which in this case comes out of literature. This method of data collection is said to be the most effective when it comes to large numbers of respondents (Hair et al., 2007), making it appropriate for this study in terms of the members of the host communities.

There are different types of questionnaires which are mostly determined by the modes of dissemination or administration employed in the research. Hair et al (2007) posit that the various types can be broadly grouped into those administered by an interviewer and the ones self-completed by the respondent. This research has applied the face to face disseminated self-completed questionnaires in gathering data from respondents, though these were disseminated with the aid of assistants. The reason for this choice has to do with its convenience as it does not require the researcher to be there in person, while it makes it possible to cover a wide geographic area quickly (O'leary, 2005). The dissemination of these questionnaires were done with the help of assistants recruited by the researcher and briefed on the importance of ensuring that members of communities were reached and guided in filling out the questionnaires, where they have questions. These respondents were to be randomly picked in order to give every member of the community a chance to get their opinion heard on the relationship between stakeholders in the industry. At the end of the dissemination and retrieval process, the assistants were asked how they went about it and they gave reassurances of carrying out the assignment according to the instructions given by the researcher during the briefing. These questionnaires were disseminated to members of the community only, which was done in order to get their views about the nature of stakeholder relationships in the industry.

Also, there is the need to give consideration to the structure of the questions asked in the survey instruments as these could be influential to the kind of responses given by respondents, especially when the instruments are self-

completed as in this case. The questions could be either closed-ended which is used when respondents are given multiple choices from which to select their answers (Saunders et al., 2007) or open-ended in nature which means the respondent is given some liberty to give more information (Sekaran & Bougie, 2010). Quantitative questions were asked in order to give a background to the qualitative ones which were meant to explore the meanings that are in such data. The design of the questionnaires to be more open-ended and qualitative in nature is influenced by the nature of the study which targets an examination of stakeholder relationships in the Nigerian oil industry. The piloting of the survey instrument resulted in the final copy of questionnaire taken to the field, both of which copies are attached herewith as Appendices II & III. The reliability of the questionnaires used for the study was confirmed by the researcher by ensuring the consistency of the responses of respondents across different questions asked (Saunders, et al, 2009). This further strengthened the validity of these instruments as measured by the areas covered by the literature earlier reviewed by the researcher as well as the data gathered from interviewees.

The table below gives a brief on the rationale behind the questions making up the survey instruments (Appendix III) used for the surveys undertaken as well as their link to previous literature. The table indicates the question numbers, the main concepts or themes as contained in the questions asked, an explanation of what the objective of asking these questions were and the previous literature to which they are connected.

<u>Question No.</u>	<u>Concept, Theme</u>	<u>Remarks</u>	<u>Previous Literature</u>
2	Stakeholders	To identify stakeholders of the industry	Freeman, 1984; Brenner & Cochran, 1991; Starik, 1994; Mitchell et al, 1997; Jonker & Foster, 2002; Phillips, 2003; Driscoll & Starik, 2004; Fassin, 2009; Cummings & Patel, 2009.
4	Influence; Interest	To see how the different stakeholders are affected as well as how they affect activities in the industry.	Freeman, 1984; Kotter & Heskett, 1992; Clarkson, 1994; Carroll, 1996; Wolfe & Putler, 2002; Neville et al, 2004.
6	Primary & Secondary Stakeholders	How the stakeholders are categorised by respondents, with reasons for their answers.	Savage et al, 1991; Mitchell et al, 1997; Phillips, 2003; Fassin, 2009.
7	Stakeholder Relationships	To check how stakeholder relationships are defined in the industry.	Freeman, 1984; Williamson & Winter 1991; Hill & Jones, 1992; Rowley, 1997; Frooman, 1999; Freeman & McVea, 2001; Jahansoozi, 2006.
8, 9, 10	Nature of Stakeholder Relationships	The views of respondents about the nature of stakeholder relationships in the industry.	Hummels, 1998; Frynas, 2001; Wheeler et al, 2002; Douglas et al., 2004; Eweje, 2007; Watts, 2008; Davis, 2009; Idemudia, 2010.
11, 12	Stakeholder Relationship Management	To discover who has responsibility for the management of the relationships between stakeholders and how that has been done so far.	Savage et al, 1991; Hill & Jones, 1992; Campbell & Alexander, 1997; Agle et al, 1999; Key, 1999; Frooman, 1999; Freeman & McVea, 2001; Freeman & Phillips, 2002; Wolfe & Putler, 2002; Phillips, 2003; Jamali, 2008; Fassin (2009
13, 14	Good & Bad Stakeholder Relationships	To obtain examples or indicators of the nature of stakeholder relationships in the region.	Ikelegbe, 2001; Frynas, 2005; Akpan, 2006; Eweje, 2007; Watts, 2008; Davis, 2009; Ojo, 2009; Idemudia, 2009; Idemudia, 2010.

Table 5.2: Justifications for Survey Questions

5.4.3.4 Interviews

This data gathering method involves question and answer sessions between two or more persons, even as a researcher gathers data for a particular study (O'leary, 2005; Hair et al., 2007; Saunders et al, 2007). The main reason for the

choice of this method for the gathering of data is the interaction that takes place between the interviewer and the interviewee through human influences such as voice inflections, wording and interpretation that aid understanding if properly managed (Sekaran and Bougie, 2010, p. 186). Also, this method is seen as being very good for obtaining rich empirical data, mostly if the topic of interest is not one that can be deemed to be regular (Eisenhardt & Graebner, 2007) which is exactly what this study hopes to achieve too. In addition, there is the possibility of having a standard that is used for all interviewees, while giving the study the ability to focus on the specific topic of attention in depth (Potter, 2004).

The administration of interviews could be face to face, over the telephone or online, while the questions could be either structured or unstructured (Sekaran & Bougie, 2010); semi-structured or in-depth in nature (Hair et al, 2007). The semi-structured interview is used in this study and was conducted face to face as well as over the phone mainly, with the use of emails in a few cases when the other two modes of administration were not possible. The choice of how to conduct these interviews were influenced by factors such as convenience, costs, duration, and these were considered with the interviewees as part of negotiations (Hair et al, 2007). The face to face interview makes for clarification of questions by the interviewer, while the responses are also understood properly (Sekaran and Bougie, 2010). The telephone interview is convenient and minimises the cost associated with travelling as in the case of face to face interviews; while Bryman (2008) has hinted that it also could result in more data as respondents are keen to talk more and freely too. Internet interviews share

the freedom that comes with telephone interviews which is responsible for respondent discretion in answering questions, without the influence of the interviewer (Saunders et al, 2007).

One difference between the data gathered from face to face compared to telephone and internet interviews was the added benefit of matching the body language of respondents with their response to questions (Sekaran and Bougie, 2010; Saunders et al, 2009). Also, the first two methods of administration got open-ended and detailed responses as compared to the latter where interviewees were direct in answering questions (Bryman, 2008), even as they gave well thought out responses to questions (Saunders et al., 2009). The different data gathered from the field impact the analysis undertaken. The brief responses were used more for the validation of the others, thereby providing depth to the discourse being undertaken.

The conduct of the semi-structured interviews was guided by an interview schedule (see Appendix IV) which contained general questions that led to other questions as the interview progressed (Bryman, 2008). This led to flexibility which is a key peculiarity of this method as it offers the interviewer the ability to come up with follow up questions that were not originally on the interview schedule, resulting in an illumination of issues that might be relevant to the study (Hair et al., 2007). The conduct of interviews with company representatives, NGO representatives, community leaders, youth leaders and experts were guided by a few questions adapted out of literature review. Nevertheless, the interview schedule used was not rigid, but rather it was slightly adapted according to the particular individual or stakeholder group being

interviewed (Saunders et al, 2007). This flexibility was an added advantage of this method as it aided the aim of this research which is the examination of stakeholder relationships, through the pursuance of the different insights revealed by the answers of interviewees to questions (Hair et al., 2007). Considering the flexible nature of this method, it became expedient that the interviews be audio –recorded in order to avoid any loss of critical and valuable data (Saunders et al, 2007). The recorded interviews were further transcribed into texts with the help of a few assistants to ease the process of analysis (Hair et al., 2007; Saunders et al, 2007). Every interview that was transcribed was reviewed by the researcher afterwards to be sure that all typographical and transcription error had been corrected (Saunders et al, 2007). The transcribed interviews were named using codes that could be easily identified by the researcher, yet ensured that the interviewees could not be recognised, in line with confidentiality requirements.

The table below gives a brief on the rationale behind the questions making up the interview schedule (Appendix IV) used for the semi-structured interviews data collection as well as their link to previous literature. The table indicates the main concepts or themes as contained in the questions asked during the semi-structured interviews, an explanation of what the objective of asking these questions were and the previous literature to which they are connected.

<u>Concept, Theme</u>	<u>Remarks</u>	<u>Previous Literature</u>
Stakeholders	To identify stakeholders of the industry as well as find out if any stakeholder is deemed to be the most	Freeman, 1984; Brenner & Cochran, 1991; Starik, 1994; Mitchell et al, 1997; Jonker & Foster, 2002; Phillips, 2003;

	important.	Driscoll & Starik, 2004; Fassin, 2009; Cummings & Patel, 2009.
Nature of Stakeholder Relationships	The views of respondents about the nature of stakeholder relationships in the industry.	Hummels, 1998; Frynas, 2001; Wheeler et al, 2002; Douglas et al., 2004; Eweje, 2007; Watts, 2008; Davis, 2009; Idemudia, 2010.
Stakeholder Relationship Management	Find out who has responsibility for the management of the relationships between stakeholders and how that has been done so far.	Savage et al, 1991; Hill & Jones, 1992; Campbell & Alexander, 1997; Agle et al, 1999; Key, 1999; Frooman, 1999; Freeman & McVea, 2001; Freeman & Phillips, 2002; Wolfe & Putler, 2002; Phillips, 2003; Jamali, 2008; Fassin, 2009.
Agreement, Contract	Any agreement or contract between parties and how those have been kept over the years.	Hobbes, 1651; Locke, 1690; Rousseau, 1762; McCormick, 1976; Hume, 1985.
Communication	How stakeholders communicate and exchange information with each other.	Buchanan & Tullock, 1965; Rawls, 1971; Buchanan & Vanberg, 1989; Binmore, 1998; Binmore, 2007; Cordes & Schubert, 2007; McCain, 2010.
Trust	How much trust exists between the stakeholders and how these are built over time.	
Dependence	The level of dependence between stakeholders and what factors contribute determine such dependence.	Emerson, 1962; Rhenman, 1964; Freeman & Reed, 1983; Frooman, 1999; Froelich, 1999; Driscoll & Starik, 2004; Kreiner & Bhambari, 1991; Agle et al., 1999; Frooman, 1999; Jawahar & McLaughlin, 2001
Influence	The level of influence of each stakeholder on others.	Savage, 1991; Carroll, 1993; Starik, 1994; Frooman, 1999; Frooman & Murrell, 2005.
Resources	The place of resources in deciding how stakeholders relate with each other.	Pfeffer & Salancik, 1978; Froelich, 1999; Frooman, 1999; Jawahar & McLaughlin, 2001; Chin et al., 2004; Frooman & Murrell, 2005; Casciaro & Piskorski, 2005.
Government	The role of the different government levels and agencies in shaping the	Locke, 1690; Rousseau, 1762; McCormick, 1976; Waldron, 1989; Ite, 2004; Douglas et al., 2004;

	relationships between stakeholders in the industry.	Watts, 2008; Smock, 2009; Malina, 2010; EIA, 2011.
Good & Bad Stakeholder Relationships	To obtain examples or indicators of the nature of stakeholder relationships in the region.	Ikelegbe, 2001; Frynas, 2005; Akpan, 2006; Eweje, 2007; Watts, 2008; Davis, 2009; Ojo, 2009; Idemudia, 2009; Idemudia, 2010.

Table 5.3: Justifications for Interview Schedule

One criticism against the use of interviews as a data collection tool is that it is prone to being a representation of a biased point of view, which could be addressed by having informed and knowledgeable interviewees that will see the topic under study from their various lenses (Eisenhardt and Graebner, 2007). This was used as strength with the interviews conducted carried out with a range of stakeholders, such as host community representatives, NGO representatives, community development and CSR experts, and company representatives. This further aided triangulation as those chosen for interviews were considered to be informed about the topic under study. Another challenge with the use of this method is purported to be the lack of anonymity that comes with it (O’leary, 2005), but this is eliminated by the interpretation of the data anonymously so that the identity of the interviewees cannot be placed.

5.4.4 Data Analysis

The collection of data in itself does not make any sense if it is not properly analysed and interpreted to reflect its meaning, which is the focus of this section of the work. The analysis of the data gathered for this study could be done in one or two ways, which are quantitative and qualitative data analyses; but the qualitative approach is chosen for this study based on the earlier discussions of the research design. This qualitative analysis involves the getting of meanings

by grouping of responses (Saunders et al., 2007) as a way of identifying, examining, comparing and interpreting of patterns and themes that come out of the data (Sekaran and Bougie, 2010).

In order to properly analyse qualitative data, one of the steps involved is to codify the data by picking out themes or words, reducing it to the needed quantity and displaying the outcome (Hair et al., 2007). The codification process could be done by choosing what will be known as the coding units, which could be words, sentences, themes or paragraphs and this leads to a reduction of the huge data gathered to a manageable size (Sekaran and Bougie, 2010). This could have been done in one of two ways, either by generating them out of the data inductively or having them deductively derived from the literature prior to this stage (Saunders et al., 2007). However, for this study the identification of themes was done iteratively between the literature and the data gathered, with the former used as guide to discover out of the data other themes that might be important.

These themes were identified by the use of in-vivo codes that emerged from the terms used by interviewees as well as in-vitro codes created by the researcher with guidance from the literature (Strauss, 1987; Carcary, 2011). The process of codification was concluded with a final decision on the 17 themes deemed important for the research out of the total 27 themes initially generated by a merger of some themes that shared a lot of similarities, with the choices being guided by the reference to such themes by both the literature and the participants involved in the study. These led to the establishment of relationships between certain key themes identified, as the researcher aimed to

test some propositions made in the course of the study. There were a number of options available to the researcher for the analysis such as narrative analysis, discourse analysis, analytic induction, template analysis, grounded theory, content analysis, conceptual analysis, relational analysis and thematic analysis (Saunders et al., 2007; Bryman and Bell, 2007; Sekaran and Bougie, 2010).

However, *discourse analysis* was chosen for the analysis of the data gathered as a way to aid the gaining of deeper meanings into the discussions that ensue in the form of interviews as it is deemed to deal with broad areas of social reality (Silverman, 1993). The focus of discourse analysis is on the achievement of talk, in terms of the actions embedded in such talk and how they affect other persons involved (Wood & Kroger, 2000). Hence, it is the analysis of discourse to see how it contributes to the production of social reality, even as it explores the relationship between discourse and reality (Phillips and Hardy, 2002) with the focus being on language, the structure of talk, text or interaction (Spencer, Ritchie & O'Connor, 2003). These discourses are made up of stories, narratives and symbols that connect different dynamics of organizations leading to our understanding of reality (Chia, 2000, cited in Phillips and Hardy, 2002, p.15). The discourse in this study revolves around the narratives and stories of the different stakeholders that are involved in the study within the context of the study (Phillips and Hardy, 2002), leading to the presentation of the contextual issues earlier discussed in Chapter II to see how they have contributed to shaping the discourse. This study is mainly concerned with the construction of interactions between stakeholders in the Nigerian oil industry as a way of

understanding the relationships existing therein, with this particular discourse identified via the literature. This bears in mind that the statements made by individuals cannot be analysed without a consideration of the context within which they are made because such context explains the specific events leading to these statements (Wood & Kroger, 2000).

The use of discourse analysis is based on its focus on the constructive ability of the words or languages employed by participants, especially considering this study's philosophical stances of subjectivism (Saunders et al., 2007) and critical realism (Bryman, 2008). It could be argued that this is a linguistic method of analysis, but its use anticipates answers to social questions and not linguistic ones, despite its linguistic connections (Potter & Wetherell, 1987). The place of discourse in human existence cannot be over-emphasised as it is deemed to rule all aspects of our lives through the actions that are associated with it (Potter, 2004). This analytical choice also helps us with an understanding of how the interactions between stakeholders affect or are affected by these discourses that they are engaged in as they relate with each other (Heller, 2003). As a result, it is deemed to enable the researcher to explore the relationship between the discourse and the reality being studied (Phillips & Hardy, 2002) as the discourse that ensues from the interviews can further enhance the exploration of social reality, which in this case is the relationship between stakeholders. There is also the relationship between a particular topic or discourse and other discourses with regards to how they impact each other (Bryman, 2008). In this case, the discourse of the relationship between stakeholders in the Nigerian oil industry is deemed to have impacted on

community development and Corporate Social Responsibility (CSR) issues and vice versa. With the realisation that relationships are mostly what the actors or parties make of them, this method of analysis is deemed capable of making meaning of the relationships under study. In other words, the various activities that the oil companies and the government engage in as a way of interacting with the host communities such as CSR activities, MOUs and GMOUs (as well as their processes) could be referred to as discourses (Poynter, 2011).

There are different varieties of discourse analysis with Discourse Analysis in Social Psychology (DASP), Conversation Analysis (CA), Post-Structuralism (PS), Pragmatics and Critical Discourse Analysis (CDA) being a few of them that could be adopted for this study (Wood & Kroger, 2000). However, this research takes to what Singer and Hunter (1999) referred to as Thematic Discourse Analysis which explores “common threads and inconsistencies embedded in the narratives” in the text (p.66) as supported by previous works (Potter & Wetherell, 1987; Burman & Parker, 1993). This involved the use of broad thematic levels of analysis following the examples of Tracy and Carjuzaa (1993), Wood and Rennie (1994) and Singer and Hunter (1999), all of which involved interviews with respondents. The analysis involved the exploration of variations within and across texts, the use of rhetoric by respondents and looking for accountability in the texts analysed (Potter & Wetherell, 1994). The choice of this approach is influenced by the size of the sample involved (21 semi-structured interviews, 180 surveys) just as authors (Wood & Rennie, 1994; Singer & Hunter, 1999) had previously used similar sample sizes. Also, this choice is based on the focus of the study being on the deeper meanings

contained in words and phrases used by respondent which were best reflected by the themes identified. These were mainly in the function, construction and variation of such words and phrases in ways that were deemed to achieve certain goals in the text (Potter & Wetherell, 1987). The table below shows the elements of TDA used in this study as well as the authors from whose works they were adapted to fit this study.

<u>Element of TDA used</u>	<u>Previous Literature</u>	<u>Remarks</u>
Common threads and inconsistencies	Potter & Wetherell, 1987; Burman and Parker, 1993; Wood and Rennie, 1994; Singer and Hunter, 1999	These common threads aided an identification of themes that ran through most of the discourses of the topic.
Broad thematic levels	Tracy and Carjuzaa, 1993; Wood and Rennie, 1994; Singer and Hunter, 1999	These broad themes were informed by more specific themes identified from the data, but the broad ones are used to link the discourses with the topic under study.
Variation	Potter & Wetherell, 1994; Singer and Hunter, 1999	This focuses on differences within and across interviews.
Rhetoric	Potter & Wetherell, 1994; Singer and Hunter, 1999	This concerns the argumentative use of words and phrases, even repetitively by respondents as a way of emphasizing the importance of the discourse.
Accountability	Potter & Wetherell, 1994; Singer and Hunter, 1999	When respondents refer to some position or experience just to underline their credibility and qualification to talk about the issues. Also, when there is an indirect appeal to the interviewer for support of their points of view.
Extreme Case Formulation	Pomerantz, 1986	The presentation of situations with some form of extremity, with such words as never, none, every, zero, etc.

Table 5.4: Elements of Thematic Discourse Analysis Used

Thematic Discourse Analysis (TDA) could be seen as being similar to Qualitative Content Analysis (QCA) as both methods explore underlying meanings and themes embedded in talk and text. It has even been argued that both different approaches to one method, with just variations in terminologies as they are viewed as being part of Content Analysis (Krippendorff, 2004). However, George (2009) argues that they are different methods as QCA is focused on the frequency of occurrence of the specific themes or words that interest the researcher concerned, which makes the method sometimes resort to statistical techniques. Another key difference that makes TDA more preferable for this study is its emphasis on the constructive abilities of the discourses that social actors undertake with each other which the latter does not do (Bryman & Bell, 2011). Also, the chosen method was iterative but not as much as QCA is presented as being, especially in terms of the movement between data sampling, collection and analysis (Altheide, 1996, cited in Bryman & Bell, 2011). For this study, the data deemed sufficient was collected once only within a specified time, and the analysis conducted iteratively.

The use of broad thematic levels (Tracy & Carjuzaa, 1993; Wood and Rennie, 1994; Singer & Hunter, 1999) aided the synergy of the specific themes earlier identified as a way of gaining better understanding of the relationships between stakeholders in the industry. Also, the use of this method makes it possible to interpret the different actions carried out by the words used by the respondent as an indication of stakeholder relationships in the region. The analysis was aided with the use of the NVIVO software which was set up with a pilot analysis of part of the research data, leading to the generation of categories that were

coded. These initial codings were reviewed by merging some of the codes together in order to reduce the number of themes to be discussed in the study before they were analysed, with the analysis involving validation by colleagues to be sure it was rigorously done. Following the validation by colleagues, another round of analysis was undertaken to further ensure that the data had been subjected to a rigorous process leading to the finally used analysis as presented in the next two chapters.

The data was loaded onto the NVIVO data management software for coding and management for analysis. The coding process started out with a list of literature guided themes such as Stakeholders, Stakeholder Relationships, Contracts, Agreements, Resources, Development, Interests, Influence, Government, Engagement, Communication, Trust, License to Operate, Reaction to Stakeholder Relationships and Dependence which aided the initial coding undertaken. Other themes that came out of the data are Negotiations, Host community Participation, Accountability by Stakeholders, Traditional Rulers, Responsibility, Gender Issues, Conflict and Violence. These themes (in-vivo and in-vitro codes) and others not highlighted above resulted in a total of 27 themes, which were further merged leading to 17 themes as reflected by the table of Free Nodes below. The coding further involved annotation of thoughts and insights by the researcher as the interviews were read and coded (see Appendices VIII & IX).

Name	Sources	References
Communication	14	29
Contracts or Agreements	21	98
Dependence	16	27
Development	18	59
Engagement	5	7
Government	20	76
Host Community Participation	16	57
Influence	9	10
Interest	6	11
License to Operate	3	3
Management of Stakeholder Relationships	15	31
Negotiations	10	25
Reaction to Stakeholder Relationship Management	15	56
Resources	9	13
Stakeholder Relationships	20	47
Stakeholders	20	87
Trust	9	14

Table 5.5: Free Nodes of NVIVO First Coding (Extract)

It is noteworthy that some of themes overlapped with others, as certain statements by the respondents referred to issues touching on more than one theme. For instance, the discourse of Contracts and Agreements were undertaken with reference to Negotiations, same as Communication and Trust, Communication and Reaction to Stakeholder Relationships.

As a follow-up to the above coding schedule, these Free codes or nodes were further coded as Tree codes or nodes that were grouped together under major themes that covered broader areas of discourse in answering the research questions set at the beginning of the study. This final coding based on the major themes is reflected by the table below.

Name	Sources	References
The Nature of Stakeholder Relationships in this Context		
Stakeholders	20	87
Stakeholder Relationships	20	47
Management of Stakeholder Relationships	15	31
Reaction to Stakeholder Relationships Management	15	56
Communication	14	29
The Importance of Agreements and Negotiations		
Contracts and Agreements	21	98
Engagement	5	7
Negotiations	10	25
Trust	9	14
Host Community Participation	16	57
Discourses around Power and Dependence		
Interest	6	11
Dependence	16	27
Influence	9	10
Resources	9	13
The Government, Oil Companies and Development		
Government	20	76
Development	18	59
License to Operate	3	3

Table 5.6: Tree Nodes of NVIVO Second Coding (Extract)

5.5 Limitations of Research Design

This study has some limitations, especially with regards to the design of the study. The first limitation concerns the coverage bias (De Leeuw, 2005) which could be associated with the sampling criteria used to choose respondents as this meant that some members of the population were not given an opportunity to present their views and perspectives. However, this was necessary as the nature of the study required that these criteria be met to show that the chosen respondents had the required experiences and information to participate in the study. Secondly, the choice of the Thematic Discourse Analysis (TDA) could be

regarded as another limitation as a result of its lack of a clearly defined approach to application when used by researchers as compared to other more developed methods of data analysis used in the social sciences. However, this method was deemed more appropriate even with such a limitation because of the focus of the analysis being on the broad themes as highlighted above.

5.6 SUMMARY

This chapter has given an elaborate insight into the blueprint used in carrying out this research, in terms of the methodological considerations guiding the attempt to get answers to the research questions earlier highlighted as the focus of this study. As a result, there has been a discussion of the philosophical positions of the author in terms of ontology and epistemology. The former is reflected by the subjectivist stance while the latter is depicted by the critical realist view, even as both positions emphasize the role of humans in the construction and building of social realities with the interactions that take place between them. This author further makes clear the values that influence these philosophical positions stated above and how such values have been gathered over the years.

Also presented is the research design in terms of the approach which has been defined as being more iterative as a result of the combination of both inductive and deductive approaches. The research is also termed as qualitative in nature based on its reliance on text and non-numerical data, which is reflected both in the methods deployed for both data collection and analysis. These methods of data collection are questionnaires and interviews, both of which were tested through pilot studies as well as the use of discourse analysis for the

interpretation of the data gathered from the field. Considering the size of the Nigerian oil industry, this study picked a sample of stakeholders to enhance our understanding of the relationship between stakeholders in the industry. These include oil companies (represented by four multinational companies), representatives of host communities from the four top oil producing states, experts and representatives of NGOs. All of these have been deemed time bound, making it necessary for the author to clarify the time considerations for the study which is the cross-sectional one as it investigates the topic within a particular point in time. Finally, it is noteworthy to state here once again that the choices made in terms of methods have been guided by the 'research onion' as presented by Saunders et al (2007).

CHAPTER VI: QUESTIONNAIRE DATA ANALYSIS

6.1 INTRODUCTION

The aim of the following chapters is to analyze the data gathered from the field, with this chapter focused on the primary data gathered through surveys, all qualitative in nature. The field work started with a pilot study which aided a review of the survey instrument, so this chapter will begin with a synopsis of the pilot study carried out and how that influenced the decisions made about the main data collection. This is followed by the analysis of the findings from surveys in this chapter, and the semi-structured interviews in the next chapter. The method used is thematic discourse analysis as stated in the previous chapter, which would be undertaken at broad thematic levels with summary tables ending each subsection of such analysis.

It is noteworthy that this does not in any way reflect the sequence in which the data gathered were collected from the respondents, as the process was more iterative in practice. This process was influenced by the availability of the respondents, which varied from one individual to another as well as the logistics involved in the researcher getting to their locations.

6.2 PILOT STUDY

This preliminary study was undertaken in order to have a trial run of the methods chosen for data collection as well as the survey instruments, to be sure that they can elicit answers to the research questions being pursued. The pilot study for the questionnaires was administered to 10 respondents in Port Harcourt between October and November 2010. The sampling criteria used was

purposive based on the educational level as well as connection of these respondents to activities in the industry, either by living in the area for a number of years or by working for any of the oil companies or their servicing companies and contractors. These criteria were deemed necessary as they meant that these respondents had reasonable knowledge of oil activities in the region and were literate enough to express themselves. Considering that this method of data collection was targeted at residents of the various states of the region, these respondents were further reflective of these states in the region. Port Harcourt is a cosmopolitan city that plays host to people from all states of the Niger Delta and beyond, so there was a reflection of this from the respondents sampled for the pilot study. The responses from this pilot study aided an improvement of the questionnaires in a number of areas, as the instrument was deemed to be slightly too technical for non-specialists in the area to understand.

An analysis of the retrieved questionnaires resulted in a review of the questions earlier drafted, which increased the number of questions in the instruments from eleven to fifteen main questions aside from the demographic questions. The demographic questions were also adjusted to reflect just the selected states of the Niger Delta that the study is interested in, which were picked considering the companies under study. In addition to these changes, some questions on influence, interest, primary stakeholders, secondary stakeholders and alternatives for managing stakeholder relationships were added. Also, there was a split up of the initial question that sought to find out how respondents identified good or bad stakeholder relations into two questions reflecting each. Another benefit of testing these survey instruments concerned the wording of

the questions, as some of the respondents indicated that they found some of them too technical for them to fill out the questionnaires without seeking any assistance. Bearing in mind that the logistics and time involved with disseminating as well as assisting respondents to fill out the questions would be very costly, it was necessary to review these questions and their wordings as reflected by the table below (also see Appendices II and III).

<u>S/N</u>	<u>Pilot Questionnaire</u>	<u>Final Questionnaire</u>
	9 states of the Niger Delta	4 states chosen for the study
1.	Respondent's Community origin	Respondent's role or position in community
3.	Most Important Stakeholder	Stakeholders Represented by Respondent
4.	Meaning of Stakeholder Relations	Influence and Interest
5.	View of Stakeholder Relations	Experience of work with stakeholders
6.	Rating of Stakeholder Relationships	Primary or Secondary Stakeholders
7.	Host Communities- Oil Companies relationships	Definition of Stakeholder Relations
8.	Responsibility for Management of Stakeholder Relationships	View of Stakeholder Relations
9.	Management of Stakeholder Relationships	Rating of Stakeholder Relationships
10.	Identification of good or bad Stakeholder Relationships	Communities- Oil companies relationships
11.	Any other comments	Responsibility for management of Stakeholder Relationships
12.	-	Management of Stakeholder Relationships
13.	-	Identification of good Stakeholder Relationships
14	-	Identification of bad Stakeholder Relationships
15	-	Any other comments

Table 6.1: Changes to Survey Instrument

It is important to point out here that while there were a number of changes made to the survey instrument after the pilot studies carried out, these changes

were not dictated by the pilot respondents. The responses gathered from them influenced these changes but they were changes made to ease the interpretation of the results as well as ensuring that the final instrument was easy and less ambiguous for respondents to read and fill. This was based on the realization that the level of responses received from them will be determined by how much they could comprehend these questions.

The data being analyzed here includes information gathered through the questionnaires disseminated within communities across the four states of Akwa Ibom, Bayelsa, Delta and Rivers in the Niger Delta region. The analysis is done in line with Thematic Discourse Analysis meaning that themes are identified from the data along broad lines and then the discourses are explored further using sub-themes. The use of discourse analysis means that there is difficulty in separating the results from the analysis as expected in conventional methods of analysis (Wood & Kroger, 2000) which is why the analysis is in this format.

In order to proceed, a breakdown of the surveys disseminated, retrieved and used is presented below for the different states involved in the study. The total number of surveys disseminated for the study is 694 copies, with 233 copies retrieved, out of which 180 copies were usable for analysis while 53 copies were unusable because they were either not properly filled or completely unfilled.

	<u>Disseminated</u>	<u>Returned</u>	<u>Invalid</u>	<u>Valid/ Used</u>	<u>% of Used</u>
Akwa Ibom	180	32	13	19	10.6%
Bayelsa	120	49	12	37	20.6%
Delta	134	84	-	84	46.7%
Rivers	200	68	28	40	22.1%
Total	694	233	53	180	100%

Table 6.2: Breakdown of Research Surveys

The table below shows the positions or roles of the different respondents to the questionnaires, as grouped together and summarized across the four states involved in the study. This table is further supported by Appendix VII which shows more specific details of each respondent from the four states, in terms of their roles in their organizations or communities.

	<u>Company Employees</u>	<u>Youth Leaders</u>	<u>Community</u>		<u>Women Leaders</u>	<u>NGO Employees</u>	<u>Government Employees</u>	<u>No Info</u>
			<u>Leaders</u>	<u>Members</u>				
Akwa Ibom State	2	5	2	8	2	-	-	-
Bayelsa State	-	9	4	9	-	-	-	15
Delta State	2	14	13	38	-	4	1	12
Rivers State	-	9	1	20	1	-	-	9
Total	4	37	20	75	3	4	1	36

Table 6.3 : Grouping of Survey Respondent Details

The figures below reflect the demographic questions which were asked at the beginning of the survey instruments to give some kind of validation to the choices in terms of the research sample. Fig. 6.1 below shows the educational background of the respondents that filled the questionnaires, 70% of whom have higher institution education (OND, HND, NCE, BSC, Postgraduate) while the remaining 30% have their highest qualification as secondary education. This could be seen as indicating that the respondents involved in the study were

literate enough to get a grasp of the issues under investigation, to be able to provide answers to the questions asked. Also, they could be regarded as being capable of properly expressing themselves using words and phrases deemed appropriate enough to convey their thoughts on the issues under study.

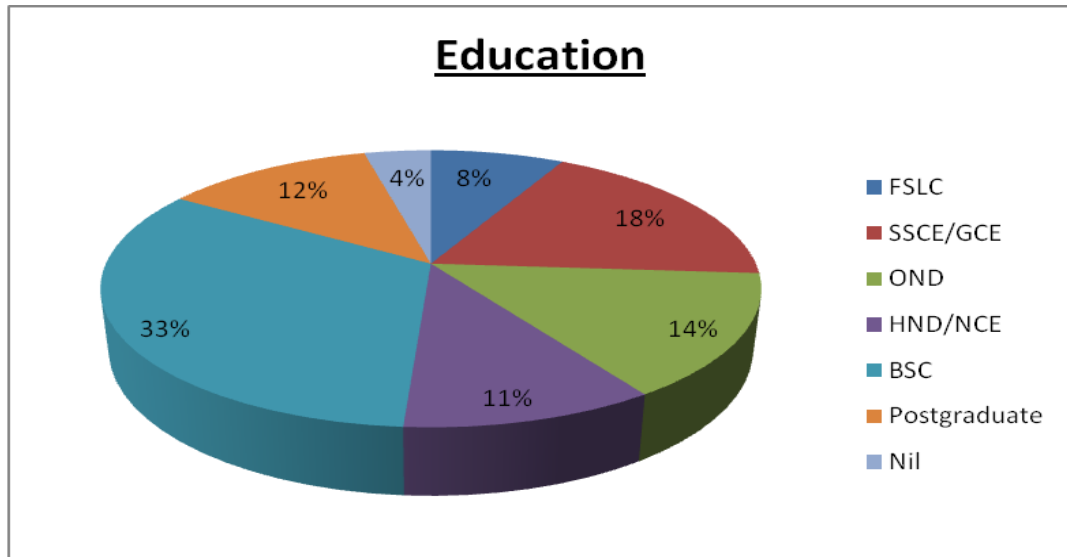


Fig. 6.1: Educational Level

Fig. 6.2 below shows the states of origin of the respondents, with the inclusion of 'other' as a category in addition to the four states chosen for the study showing that the respondents that participated across these four states were not all indigenes of those states. This further demonstrates that the study is more representative of the states of the Niger Delta, with responses from people originating from more than half of the states in the region.

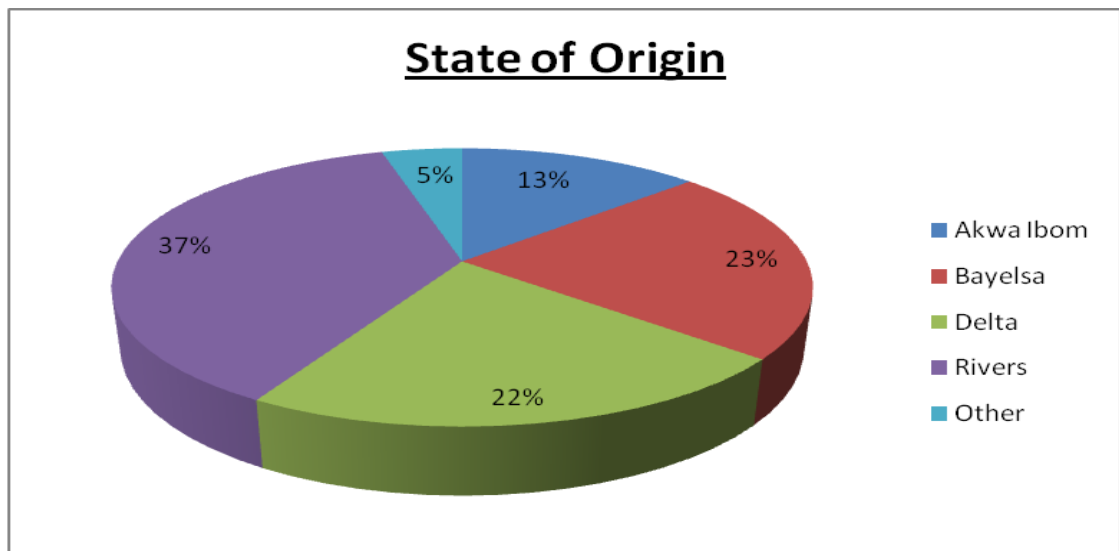


Fig. 6.2: State of Origin

To take this analysis forward, the rest of the chapter is split into sub-sections that are reflected as main themes indicating the different discourses that constitute the findings from the questionnaires. These discourses are in the form of the sub-themes around the questions asked in the survey instruments.

6.3 *STAKEHOLDER IDENTIFICATION AND CATEGORISATIONS*

The analysis in this section focuses on the questions in the survey instrument that asked about who the respondents identified as stakeholders, the influence and interests of such stakeholders in the industry as well as how they are grouped into primary and secondary categories. As a result, a brief is presented on the question first before the analysis is carried out using the justifications given by the respondents for the choices of stakeholders, their influence and interests and categorisation.

6.3.1 Stakeholders

The question asked here was “*who are the stakeholders in the Nigerian Oil Industry?*” with the respondents allowed to tick as many of the options provided

as they deemed to be stakeholders in the industry. These options were oil companies, government, host communities, employees, shareholders, suppliers, NGOs, the environment and others.

The responses were varied as 94%, 89% and 82% of respondents chose government, oil companies and host communities as being stakeholders respectively showing that the people regard these as major stakeholders. On the other hand, suppliers and NGOs got 28% and 24% respectively being the least number of responses, even behind the environment with 37%. This implies that the people rank the government very high, while the environment is deemed as a stakeholder before any consideration is given to suppliers and NGOs (see Appendix V for details).

6.3.2 Stakeholder Influence & Interest

The question asked here was *“in your opinion, what is the level of influence or interest of the above stakeholders?”* with options provided for each attribute to be ticked against each stakeholder. This question was designed to discover about interests and influence, with the former defined as the impact of activities in the industry on the stakeholder and the latter as the stakeholder’s ability to make others do what it wants respectively.

Every stakeholder mentioned above was highlighted as being affected by activities of the industry as well as having what it takes to influence others to get whatever they want to be done. However, those identified above as being major stakeholders such as the government (78%), oil companies (51%) and host communities (46%) were regarded as being the most influential in the industry, while employees (19%) and suppliers (14%) had the least influence.

Interestingly, even the environment (21%) is regarded as being more influential than employees despite the former's supposed lack of ability to interact with other stakeholders directly (Mitchel, et al, 1997). The stakeholders deemed to have more interests in the industry were the oil companies (55%), employees (46%) and the environment (43%) with the host communities (42%) and the government (28%) earlier identified as being major stakeholders falling down in the ranking order. The implication of this is that the environment is regarded as being impacted more than the government and the host communities, even though it has previously been regarded as being non interactive with other stakeholders (see Appendix V for details).

6.3.3 Primary and Secondary Stakeholders

The question asked here was *“please can you identify which of the above stakeholders can be considered primary or secondary in your opinion”* with the respondents given the option to tick only one box for each stakeholder. This restriction was aimed at controlling the choices of respondents, as a particular stakeholder could only be either deemed primary or secondary and not both.

The data shows oil companies (65%), host communities (65%) and government (48%) being confirmed as primary stakeholders in agreement with the earlier identification of stakeholders above. Also, the environment (45%) and shareholders (34%) were deemed as being in this category showing once again the regard given to the environment amongst respondents. The responses for the secondary stakeholders confirmed the categorisation of primary stakeholders as employees (48%), NGOs (42%) and suppliers (41%) were ranked as being at the top of the secondary stakeholders ranking (see Appendix

V). This categorisation shows a clear distinction between the primary and secondary stakeholders, as none got placed in both groups as being ranked highly.

An open ended follow up question to the above was asked as “*please can you explain the reasons for your choices above*”, aimed at getting respondents to give justifications for their categorisations. The different respondents had their reasons for categorising the various stakeholders into primary and secondary stakeholders, which varied as much as there were answers but these have been clustered according to themes below.

A respondent did not see the need for any categorisations:

*“To me, every stakeholder is primary so that we don't place some in secondary position and **despise or undermine their interest- Government is the leader**”*
(C59).

This respondent regards every stakeholder as a primary stakeholder, making it very clear that the position presented is not a global or general one (*To me*) which is a way of signposting that the categorisation given is borne out of the respondent's perception. This categorisation is justified, as the respondent argues that the placement of some stakeholders into the secondary category has negative implications that affects their interest (*despise or undermine their interest*). There is a variation between the generalisation above and the recognition of importance in the industry (*Government is the leader*). This clause underlines government's leadership role, while contradicting the respondent's answers to the questions regarding stakeholder influence and interests, where the government is not deemed to possess any of these.

The next cluster of extracts introduces the sub-theme of importance:

*“The primary stakeholders are **too important that you cannot do without them** in the oil industry, while the **secondary stakeholders depend on the primary stakeholders** in the industry” (T02).*

*“Those **considered secondary stakeholders cannot do without the primary stakeholders**. Therefore the **primary stakeholders are the major stakeholders** in the oil industry” (T36).*

These extracts emphasize that the importance of a stakeholder must be considered in any categorisation of stakeholders into primary or secondary groups, though this is done vaguely. The first respondent (T02) regards a primary stakeholder as being so crucial to the working of the industry that it could be argued that if it is taken out of the industry, the latter will collapse (*too important that you cannot do without them*). This view is further underlined by the discussion of the kind of relationship existing between stakeholders in the industry, one of dependence with the balance of power in favour of the primary stakeholder (*secondary stakeholders depend on primary stakeholders*). Interestingly, the respondent lists employees, suppliers, NGOs and the environment as secondary stakeholders though the justification given above on how these stakeholders are grouped could accommodate them as primary stakeholders. The second respondent (T36) makes it clear that the view given is not one that can be regarded as that of an authority (*considered*), even as there is an agreement of the indispensability of the primary stakeholders in their relationship with secondary stakeholders (*secondary stakeholders cannot do without the primary stakeholders*). The use of the discourse marker (*therefore*) is intended to serve as a connection between the initial view presented and

what comes next, while also acting as a basis for the conclusion reached by the respondent (*primary stakeholders are the major stakeholders*). These respondents base their categorisations on how important the stakeholders are deemed to be, but do not specify what grants them such level of importance.

Another respondent regarded stake as being important in categorisation:

*“I consider primary those who have **direct stake or major concerns** in the operations of oil industry” (C62).*

The above quote moves away from the broad reason given earlier to a narrower one that emphasizes the possession of an interest in the industry (*direct stake or major concerns*) as being crucial in the categorisation of stakeholders. The assertion here is that if a stakeholder has a stake that is not directly linked to the industry then it cannot be deemed as a primary stakeholder, which is related to categorisations in the literature (Savage et al, 1991; Phillips, 2003; Fassin, 2009). The respondent makes it clear that the intention is not to present a global position or justification for the choices made in listing stakeholders, but rather to give a personal perspective to the discourse (*I consider*). In relation to influence and interests, although one secondary stakeholder group – NGOs- are seen as influential, another – employees – have an interest; suppliers have neither, despite their role in providing raw materials to the industry.

Another cluster does not think stakes are enough so they base their views on involvement:

*“The reason for my choices above is that oil companies, host communities, shareholders, government and the environment are **more actively involved** (primary) than others (secondary)” (S20).*

*“Primary stakeholders are **directly involved**, while secondary are **involved indirectly**” (S26).*

The two respondents quoted above introduce involvement into the discourse, though they do so in different ways, with the first respondent (S20) categorising stakeholders based on their levels of involvement and activity in the industry (*more actively involved*). The use of this clause also indicates that some stakeholders can be passively involved, but it is only an involvement that is deemed to be active enough that grants a stakeholder the primary status. Surprisingly, the respondent does not deem suppliers, employees and NGOs to be actively involved enough to be accorded the status of primary stakeholders. The second respondent (S26) agrees that involvement is a determinant of what status a stakeholder is given but bases such on being either *directly* or *indirectly involved*. This is reflective of the kind of relationship which the stakeholders have with the industry as proposed by Savage et al (1991), as well as like the attribute of legitimacy proposed by Mitchell et al (1997). This explains the respondent's choices of oil companies, host communities, government, employees and shareholders as primary stakeholders based on their direct involvement in the operations of the oil industry through various means.

These respondents gave their reason as the role of the stakeholder:

*“Oil companies are primary stakeholders because **it's all about them**, Host communities are primary because it is **their land being occupied and perhaps being mutilated**, as well, the government **regulates and so on**. The environment is at stake while the NGOs and employees **have little or no say as a result of the kind of system of operation obtainable here**” (C11).*

*“Host communities are primary because **they are supposed to dictate to the oil companies how to operate** on their natural resources, host communities*

have the **right to say No** to drilling operations. Employees on the other hand are secondary because **they don't have any say** in the activities of the other stakeholders. It is **either to comply or resign**" (C02).

"The secondary stakeholders are **subjected to** the primary stakeholders who are seen as the **owners, initiators and regulators** in the industry" (S07).

The extracts above regard the roles played by the different stakeholders in the industry as being determinant of how they are categorised, though the first respondent (C11) also hints at contributions and impact suffered. The oil companies are deemed to be primary stakeholders because they run the industry (*it's all about them*), while the ownership of the land where the industry is sited makes host communities one (*their land being occupied*). There seems to be the claim that aside from regulation there are other things that the government does to make the industry work (*regulates and so on*). The respondent makes a claim about the devastation of the environment but seems not to be very certain and so would not like to be quoted on the issue (*perhaps being mutilated*). The placement of NGOs and employees into the secondary stakeholder category is based on their lack of decision making powers which is attributed to the nature of how the industry is run (*have little or no say as a result of the kind of system of operation obtainable here*). This clause also contextualises the discourse as it implies that what is found in this industry might not be the same elsewhere in the world.

The second respondent (C02) further explores the roles played by stakeholders by arguing that the host communities are meant to be instructing the oil companies on what to do, though that does not seem to be the case (*they are supposed to dictate to the oil companies how to operate*). This responsibility is not

one that is deemed to be optional but one that is meant to be compulsory and legal as to be asserted by the host communities (*right to say No*). This is hinged on the latter's ownership of the raw materials used by the oil companies to carry out operations in the industry (*their natural resources*). How this right to refusal of any oil explorative activities in the industry is exercised and who grants such rights is not known, but it could be alluded that this can be implemented by resorting to protests and demonstrations, leading to violence. The respondent agrees with the earlier view that the secondary stakeholders lack decision making powers to make any inputs into the activities in the industry (*they don't have any say*), so they cannot assert any authority as the primary stakeholders (*either to comply or resign*). Host communities and employees are termed as the primary and secondary stakeholders respectively, even though they are both in possession of influence and interests in the industry. This makes it unclear the basis of the position presented above about roles, as the possession of both influence and interests by these stakeholders should qualify them as primary stakeholders.

The third respondent (S07) further explores primary stakeholder roles, which could be making reference to shareholders, oil companies and the government (*owners, initiators and regulators*) respectively, but indicates that these roles are not played in isolation. These roles are deemed to be played in an imbalanced relationship with the secondary stakeholders, who are presented as being at the mercy of the primary stakeholders (*subjected to*). The host communities and the environment are grouped as secondary stakeholders though they are both listed as having influence just as the government which happens to be a primary

stakeholder. This could be attributed to the respondent not regarding the possession of only influence as being enough to give a stakeholder primary status.

In the view of other respondents:

*“Primary stakeholders **have more power and authority over secondary ones**”*
(M04).

*“**All activities take place in the environment**; primary stakeholders **have more legitimate powers and can influence the activities and programmes of the firm**”* (M17).

The views above from two respondents emphasized the place of influence in deciding what category a stakeholder fits in, even as respondent M04 argues that while both stakeholders could possess the influence, how much of it would determine the stakeholder's status (*have more power and authority*). The possession of such must be in a relationship with other stakeholders (*over*), who are now deemed to be secondary because of less power and authority. On the other hand, there is a variation in terms of the listings of primary and secondary stakeholders as shareholders and suppliers have been placed in the latter group though they have been deemed to have both influence and interests in the industry. The second respondent (M17) agrees with the place of power but adds that it must be possessed alongside legitimacy in order to make the stakeholder important (*have more legitimate powers*), which agrees with the attributes posited by Mitchell et al (1997). Also, there seems to be recognition of the role played by the environment by playing host to the industry, which could be seen as being to make it a primary stakeholder (*All activities take place in the environment*). However, that is not the case as it is further stated that to earn this

status one must have what it takes to impact the firm (*can influence the activities and programmes of the firm*). This puts the firm as the focal point (Freeman, 1984; Clarkson, 1994; Donaldson & Preston, 1995) meaning that if the stakeholder possesses legitimate power and influence over other stakeholders without any of such on the firm then it cannot be deemed as a primary stakeholder. Although, this implies that the firm could never be deemed as a primary stakeholder since it is the one that must be impacted for a stakeholder to attain the status, this is not the case as the oil companies are listed as primary stakeholders by the respondent. Furthermore, the environment which was earlier presented as being important is not listed as a primary stakeholder and this could be attributed to a lack of influence, while suppliers and NGOs are seen as being influential and having interests yet they do not qualify as primary stakeholders.

The analysis above shows the diverse reasons given by respondents for their answers to the various questions highlighted above about stakeholders, their interests, influence and categorisations. The main themes that came out of these responses were importance, legitimacy, power, influence, dependence, involvement and stake either in the company or the industry. These themes were in agreement with the earlier works of authors (Savage, et al, 1991; Freeman, 1984; Clarkson, 1994; Donaldson & Preston, 1995; Mitchell et al, 1997; Phillips, 2003; Fassin, 2009) on the identification of stakeholders and their categorisations. However, there was more emphasis on making the industry the focal point in contrast to earlier authors who made the firm the centre of attention in any industry. Also, it is posited that in order for there to be

a primary stakeholder, there must be a secondary stakeholder or vice versa; as the existence of one gives definition to the other, which further underlines the place of relationships amongst these stakeholders. This is further summed up on the table below.

Stakeholder Identification and Categorisations		
<u>Subtheme</u>	<u>Evidence from Data</u>	<u>Indication About Context</u>
Stakeholders	Very high listing of government by respondents as stakeholders, followed by the oil companies and the host communities. Meanwhile, the NGOs are the least picked stakeholders.	This shows that the identification of stakeholders in the context of this study is based on the level of influence exerted in the industry by the different stakeholders. The listing of stakeholders holding interests seems to reflect how the stakeholders benefit from the diverse activities taking place in the industry.
Stakeholder Influence & Interest	Government is deemed as the most influential stakeholder, with the suppliers regarded as the least influential. The oil companies and their employees are seen as having more interests than even the government.	
Primary & Secondary Stakeholders	The oil companies, host communities and government were confirmed as primary stakeholders with the environment placed next in this category. On the other hand, employees, NGOs and suppliers led the secondary stakeholders' category. The reasons given for these categorisations are varied, with a respondent arguing that it is unnecessary to do this. Other reasons were based on the stakeholders' levels of importance, stakes, involvement, roles, influence, power and authority.	The placement of the environment in the primary stakeholders category reflects how much the people in the region value and feel attached to their land. The secondary stakeholders' category further reiterated the primary stakeholders' category as there was no stakeholder rated highly in both categories. The reasons reflect that the people link stakeholder categorisations to what impact or benefits that stakeholders have in their interactions with others in the industry.

Table 6.4 : Summary of Stakeholder Identification Findings

6.4 VIEWS OF STAKEHODLER RELATIONSHIPS

The analysis in this section focuses on the questions in the survey instrument that asked about what stakeholder relations means to the respondents, as supported by the close ended questions about their views of stakeholder

relations generally as an idea. Also, responses to questions on stakeholder relationships in the industry as well as the relationships between host communities and the oil companies operating in the area are analysed. To make the analysis of the close ended questions easier considering the qualitative nature of this study, the open ended questions are analysed first with the former used to support it.

6.4.1 Meaning of Stakeholder Relations

The question asked here was “*what does stakeholder relations mean to you?*” which was designed to discover what stakeholder relations as an idea means to respondents, as such understanding will influence their perceptions of its practice in the industry. There were different meanings and definitions given by respondents with a corpus of them clustered together according to themes and analysed below.

The first cluster indicates a theme relating to practice in the industry:

*“Frankly, this is what it **ought to mean**. But unfortunately, this is not the case. Host community have always been betrayed by company owing to **the fact that we don't have strong government institution to put them in check**” (C83).*

*“**Going by the practice** and activities of government and oil multi-nationals, stakeholders' relations **means nothing to me**. This is **due to the fact** that the host communities, environment & NGOs that should have been **primary stakeholders are sidelined regularly**” (C79).*

The first respondent (C83) agrees with academic view of what stakeholder relations mean but hints that there is a difference between what concepts, theories and ideas say and the practice of such in reality (*ought to mean. But unfortunately, this is not the case*). This also shows that there is a sense of

disappointment on there being a difference between the expectations of the people and actual reality on ground. There is a mention of the kind of relationship that exist between the three major stakeholders, with the oil companies portrayed as not keeping to the terms of their interactions with the host communities as a result of the government's weakness. The tone here is one of the respondent apportioning blame to the government for not enforcing its supervisory authority, which the oil companies are deemed as taking advantage of (*we don't have strong government institution to put them in check*). The respondent also attempts to make a strong case for the position given by presenting it as done with all honesty (*frankly*) as well as one that can be verified (*the fact*). Once again, the focus is on the *host communities* and the oil companies as stakeholders in the industry with the government mentioned in its role of a regulator or watchdog.

The second respondent (C79) argues that the idea of stakeholder relations is non-existent in the industry, because of the way it is approached by the companies and the government so one cannot relate with it (*means nothing to me*). This assertion is justified with reference to what is regarded as the norm (*Going by the practice*) which is claimed to be one that is backed by evidence (*due to the fact*). To further buttress the point being made, an example is given of three supposed primary stakeholders that are consistently relegated (*primary stakeholders are sidelined regularly*), which also indicates that these stakeholders were actively involved before. The connection within the text indicates that the respondent agrees with the first respondent that the oil companies and the government should be blamed for the passive involvement of the other primary

stakeholders. It is interesting to note that the respondent's experience of operations in the industry has resulted in stakeholder relations losing its meaning and this must be viewed in the context of the individual's state of origin which is Delta State. As earlier indicated, this state has had a spate of incidents in the industry with one of such being the naked protest by women of the Gbaramatu kingdom in the state in 2011 as stated by Interviewee NG01.

Another cluster shows a reference to the kinds of interactions:

*"Stakeholder relations refers to **the rapport created** between the various stakeholders involved with the aim of **creating harmonious co-existence for optimal result**" (M15).*

*"The **time to time mutual** relationship between oil companies and their host communities **to bring about development**" (S28).*

The first quote above (M15) argues that there is the need for the stakeholders in the relationships to make a deliberate effort and take actions to make their relationships work (*the rapport created*). This is seen as being determinant of the kind of relationships that will exist between them, which further leads to the best outcome or high level of productivity (*creating harmonious co-existence for optimal result*). There is a strong case being made here for the argument that good relationships do not just happen between stakeholders, but that they have to be worked out deliberately (*created, creating*). The second respondent (S28) introduces dynamism and cooperation as being crucial to the kind of relationship between these stakeholders that lead to development (*the time to time mutual*). The implication of this is that each stakeholder has to be aware that things could change and so must make effort to undertake to maintain the relationship, as that is the only way to development. It could be asserted that

the engagement of these stakeholders in their relationships with the aim of development as their joint goal makes them work together better (*to bring about development*). To contextualise this, it must be noted that respondent hails from Bayelsa State which has had some success in terms of the workings of the MOUs and GMOUs signed by the stakeholders to aid development in the state as noted by Interviewee BYSPDC02.

The theme of a joint goal is further pursued by another respondent:

*“Stakeholder relations mean that every stakeholder **must work together** to **achieve their aim in spite of their level of influence or interest**” (T08).*

This respondent regards stakeholder relations as being determined by how much cooperation exist between the stakeholders involved (*must work together*) and the alignment of their different desires to make it a joint goal (*achieve their aim*). The respondent also recognises that the different stakeholders will have varying levels of power as well as stakes, which they must set aside in order to cooperate (*in spite of their level of influence or interest*). Hence, it is expected that consideration is given to achieve these by pursuing the joint aim set by these stakeholders for their relationships which seems to have worked in the Total operating areas of Rivers State. This is confirmed by Interviewee RVSTOTAL03 who deemed the stakeholders in the area to have a good working relationship amongst them.

Another respondent posits:

*“Stakeholder relations refer to **the various means of interaction** among **those whose opinions matter** in an organization or formal setting” (C12).*

This respondent tends to suggest that there are different ways that stakeholders can relate with each other, thereby ruling out any view that there is just one way that can serve the purpose (*the various means of interaction*). The focus here does not seem to be the interaction itself but the processes involved in the relationships between the stakeholders, who are regarded as those with influential views within any industry (*those whose opinions matter*). The importance of influence is emphasised here, while the respondent does not just relate the answer to the oil industry specifically, but stays in line with the question asked about the meaning of stakeholder relations generally.

The next respondent underlines capacity to do things:

*“Stakeholder relations **to me** means **the ability** of the oil companies and host communities **to exist, mutually benefiting from each other**. Also **ability to resolve conflicts amicably when it rears its head**”* (C14).

The quote above shows that the respondent makes it very explicit from the start that the view expressed here is a personal one (*to me*) before emphasising that capacity to do things affects these relationships (*the ability*). Such a capacity must be utilised by the stakeholders in tolerating each other (*to exist*) as well as to settle their differences which are not expected to be constant, while they are not ignored too (*ability to resolve conflicts amicably when it rears its head*). This is seen as being beneficial to all parties involved as they gain from interacting with one another (*mutually benefiting from each other*). However, the respondent regards only the oil companies and host communities as being in relationships with each other with a total neglect of all other stakeholders, which is more of a dyadic view as posited by Freeman (1984).

The discourse analysis above of the corpus of surveys selected to explore the discursive meaning of stakeholder relations to the respondents has revealed certain aspects, the first being that there is no general agreement in terms of what it means to the different respondents. Some see it as being positive, while others have deemed it as negative even resulting in the apportioning of blame to some stakeholders. Secondly, there is reference to personal experiences as some respondents base their views on practice and activities in the industry, thereby giving strong justifications to their positions. Thirdly, certain words and clauses reflecting verifiable evidence have been used by respondents to underline the points they make in such ways as to show the credibility of their arguments (*the fact, frankly and going by*). This analysis has shown that sometimes there is a difference between what theories, ideas and concepts prescribe and the reality of the situation, as in this case.

To further get support for the positions above, the closed ended question “*how do you see stakeholder relations?*” with options ranging from Very Good to Don’t Know, was asked to discover what stakeholder relations means to the respondents. Figure 6.3 below shows that less than half of the respondents (40%) regard the idea of stakeholder relations to be good, while some of them (22%) see it as being bad; with some torn between good and bad (36%) and a few (2%) don’t have an answer to the question. This shows a relatively positive regard for what the respondents in the region deem to be stakeholder relations generally as an idea, almost a similar number are not very certain of how to rate it.

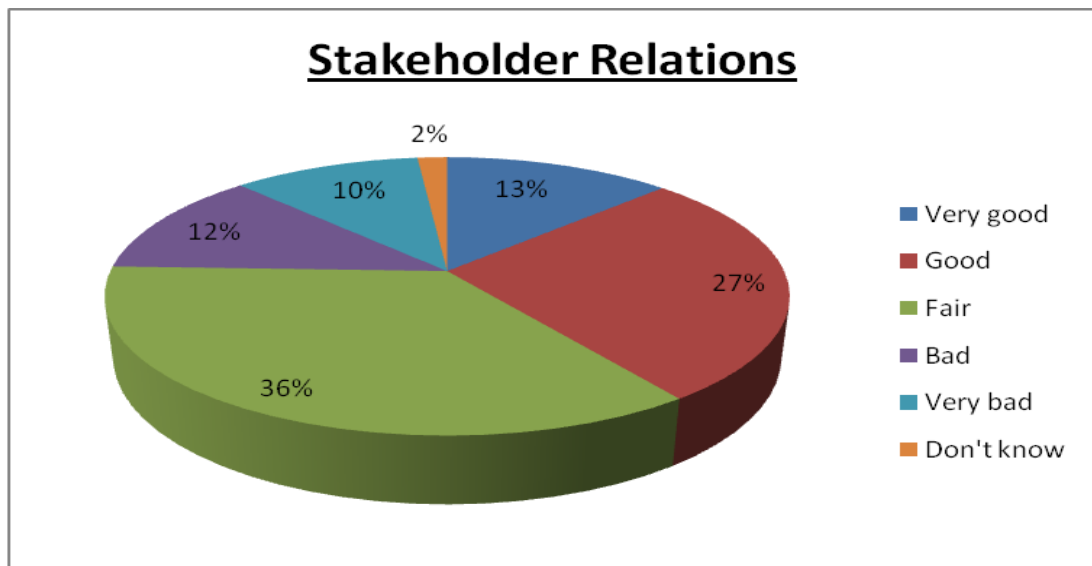


Fig. 6.3: Stakeholder Relations

However, it is important to note that the responses across the four states were varied as reflected by Fig. 6.4 below.

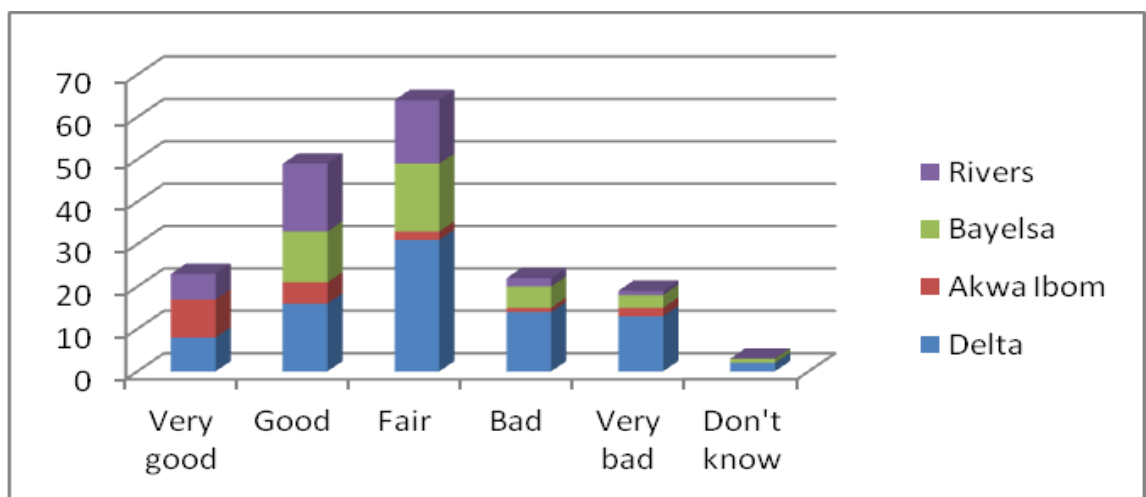


Fig. 6.4: Variation of Stakeholder Relations across Region

A high number of respondents in Delta state viewed it as being Fair (37%) and some others opting for Very Bad or Bad and, while no one in Bayelsa state regarded the concept as being Very Good. This gives an indication that the views of stakeholders across the states in the region will vary, based on their various experiences of practice in their areas and states as stated above; this is further reflected by the discourse analysis of the semi-structured interviews

conducted across these states during the study. This underlines the constructive power and constructed nature of discourse in any given research context, which are attributed to the interactions between the social actors within such a context.

In order to get a contextual perspective to the above, another closed ended question “*how would you rate stakeholder relationships in the Oil industry?*” was asked to get the views of respondents about the relationships between stakeholders in the industry. There was a positive response from the respondents as reflected by Figure 6.5 below, with a lesser number (26%) thinking that the stakeholders in the industry have good relationships, compared to others (36%) that regard these as bad; while a large number were once again not sure if these are good or bad (35%) with a few (3%) not having any knowledge of what these relationships are like.

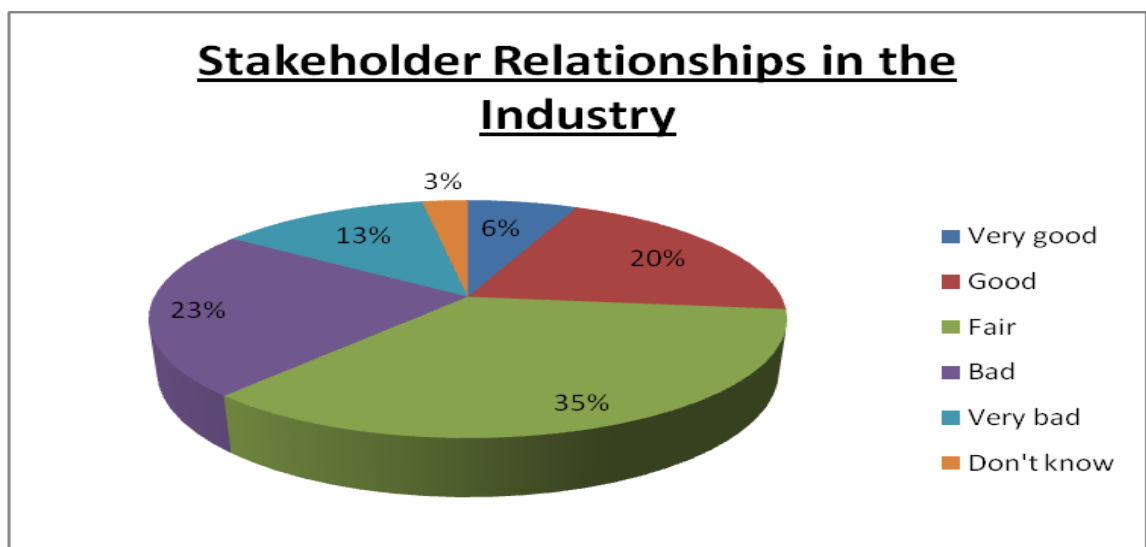


Fig. 6.5: Stakeholder Relationships in the Industry

As in the earlier question, there were variations in terms of the responses from the different states (Fig. 6.6 below) with Rivers state having just one respondent who thinks the relationships between stakeholders in the area are Bad and

none seeing them as being Very Bad . On the other hand, no respondent from Delta state regarded these relationships to be Very Good while a majority of them (55%) viewed these relationships as either Bad or Very Bad.

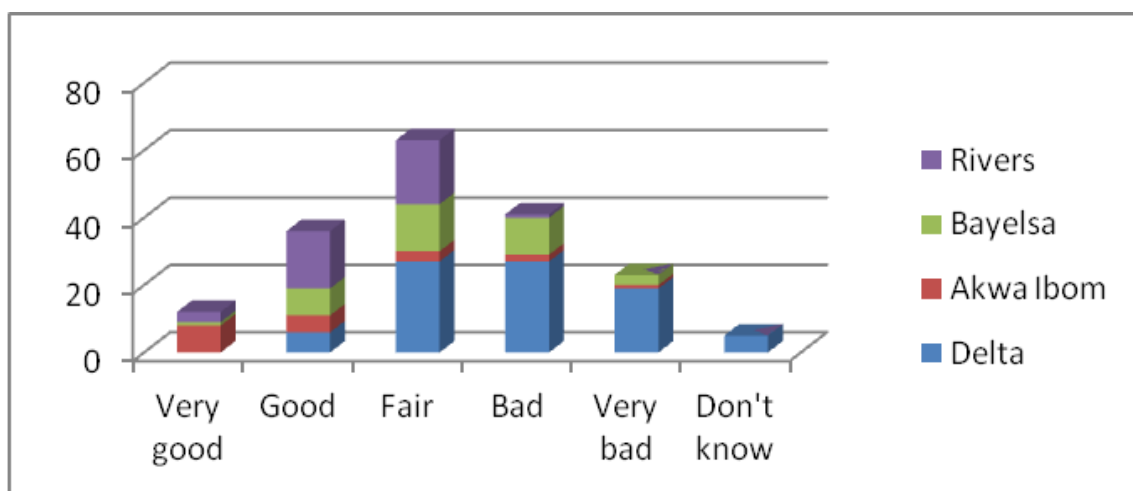


Fig. 6.6: Variation of Stakeholder Relationships in the Industry

This tends to agree with the earlier position that the views of respondents across the four states surveyed will be relatively reflective of what they have experienced in their interactions with other stakeholders. This is an indication of the specific relationship between the oil companies chosen for study and the host communities where they operate in these states, as these respondents responded to these questions based on their personal experiences or the stories and narratives they have heard over the years with regards to the way such oil companies have handled their issues. This is further validated by the interviews analysed later in the next chapter.

The context was further explored with the question “*how would you describe the relationship between your community and the oil companies operating in the area?*”, which was to discover the nature of the relationships between host communities and oil companies operating in the region. This is even as the other survey questions and interviews present these two as major stakeholders;

based on their roles and daily interactions in the industry. The evidence from Figure 6.7 below shows that few (20%) of the respondents posit that these relationships between the host communities and oil companies are good, while almost half (44%) regard these as being Bad or Very Bad. Also, some others (30%) see these as being Fair, while very few of them (6%) did not have information about the kind of relationships that exists between these specific stakeholders.

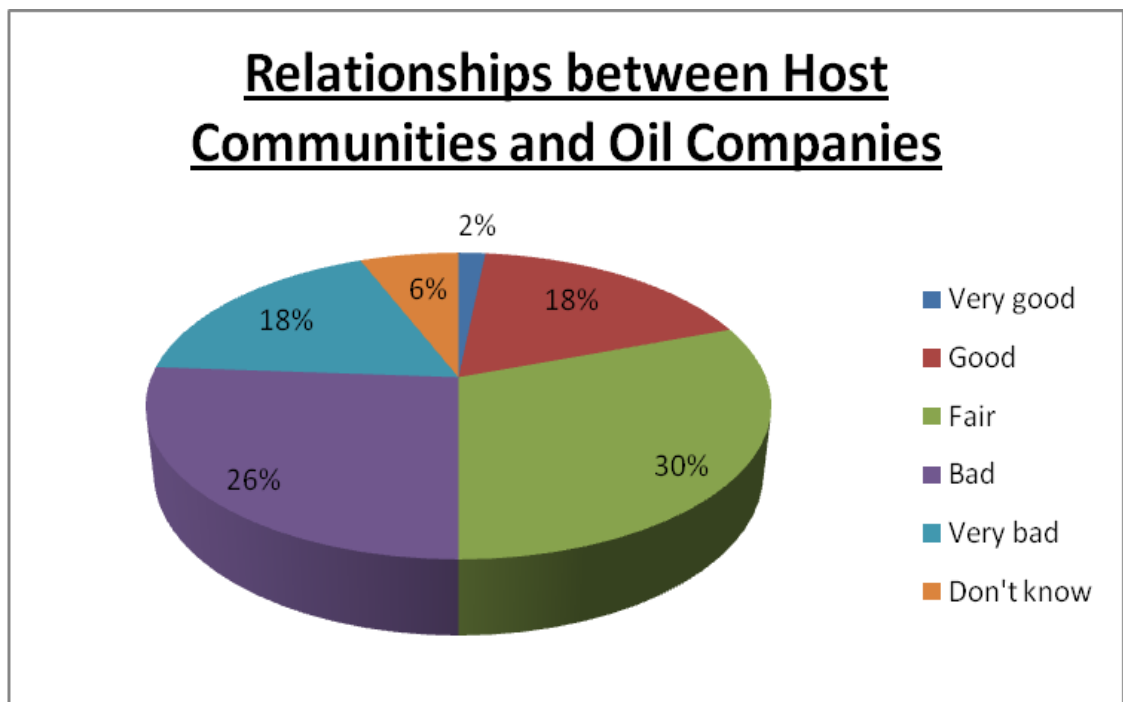


Fig. 6.7: Relationships between Host Communities and Oil Companies

This could be seen as meaning that the relationships between oil companies and host communities are bad, but as before there are variations across states (Fig.6.8).

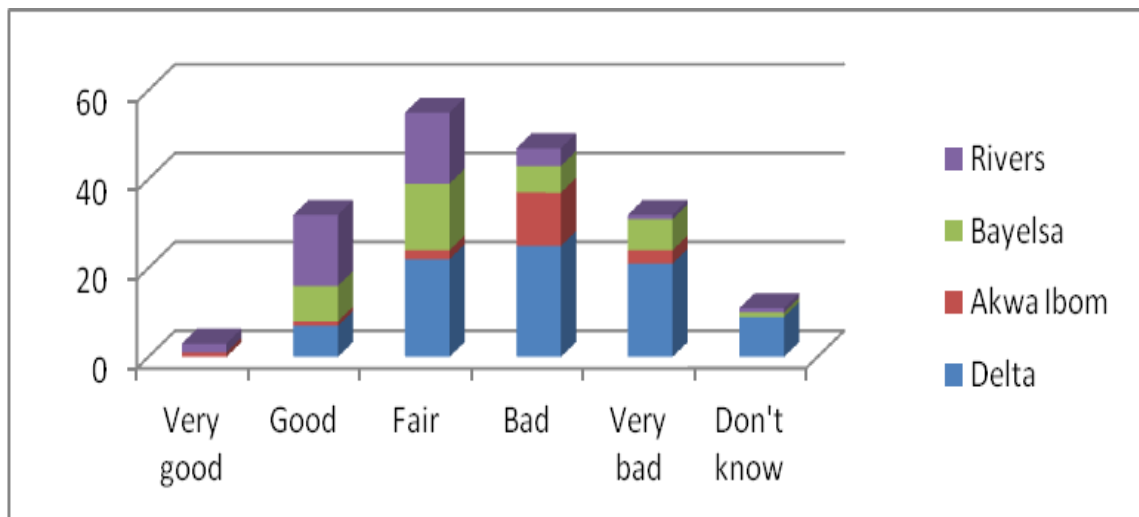


Fig. 6.8: Variation of Relationships between Host Communities and Oil Companies

Specifically, the differences across the states reflected Akwa Ibom (79%) and Delta (56%) states as having the highest Bad or Very Bad responses to this question, while in Delta and Bayelsa states no one thought this deserved to be seen as Very Good. On the other hand, the responses from Rivers state showed the oil company as having good relationship with the host communities with very few (12%) of the respondents regarding it as being bad. The responses given by the respondents earlier on the concept of stakeholder relations and stakeholder relationships in the industry can be further explained by the responses reflected here.

The different responses from respondents as shown above could be attributed to the interactions of these respondents with the oil companies as members of the host communities, with variations between the responses of respondents to all three questions being very much related to each other. As a result, the table below shows the connections between these three questions asked about the respondents' views of stakeholder relations as an idea, stakeholder

relationships in the industry and the specific relationships between host communities and the oil companies.

Stakeholder Relations						
	Very good	Good	Fair	Bad	Very bad	Don't know
Delta	8	16	31	14	13	2
Akwa Ibom	9	5	2	1	2	0
Bayelsa	0	12	16	5	3	1
Rivers	6	16	15	2	1	0
Total	23	49	64	22	19	3
% of 180	12.7	27.2	35.5	12.2	10.5	1.6
Stakeholder relationships in the industry						
	Very good	Good	Fair	Bad	Very bad	Don't know
Delta	0	6	27	27	19	5
Akwa Ibom	8	5	3	2	1	0
Bayelsa	1	8	14	11	3	0
Rivers	3	17	19	1	0	0
Total	12	36	63	41	23	5
% of 180	6.6	20	35	22.7	12.7	2.7
Relationship between Communities and Oil companies						
	Very good	Good	Fair	Bad	Very bad	Don't know
Delta	0	7	22	25	21	9
Akwa Ibom	1	1	2	12	3	0
Bayelsa	0	8	15	6	7	1
Rivers	2	16	16	4	1	1
Total	3	32	55	47	32	11
% of 180	1.6	17.7	30.5	26.1	17.7	6.1

Table 6.5: Contextual Connections

<u>Views of Stakeholder Relationships</u>		
<u>Subtheme</u>	<u>Evidence from Data</u>	<u>Indication About Context</u>
Meaning of Stakeholder Relations	This is seen via the practices in the industry and presented as reflected by the level of harmony or cordiality between stakeholders. It is also deemed as how the goals of different stakeholders are pursued as well as their capacity to do things.	This tends to imply that the way respondents view stakeholder relations is not different from what the literature presents. However, the views expressed seem to be a reflection of the experiences of the people in the region.
Stakeholder Relations	More respondents outrightly regarded stakeholder relations in the industry as being good as compared to those who deemed it to be bad. However, those who thought it was neither good nor bad were more than those who said it is bad. Interestingly, there were variations across the four states with regards to how it is viewed by the respondents.	The variations of the people's views of stakeholder relations in the industry generally indicate that the experiences of the people in different states across the region may be influential in shaping their perceptions. These perceptions further affect their actions and activities.
Host Communities and Oil Companies Relationships	Almost half of the respondents regard the relationship between these two major stakeholders as being bad, with a fifth viewing it as good. As with the above question, there were variations of views across the different states.	This really links the views of the people more to their experiences as it is based on the direct relationships between oil companies and host communities. This also varies from one state to another.

Table 6.6: Summary of Views of Stakeholder Relationships Findings

6.5 MANAGEMENT OF STAKEHODLER RELATIONSTIPS

The analysis in this section focuses on the questions in the survey instrument that asked about who the respondents deemed as having the responsibility of managing stakeholder relationships as well as how well such management of stakeholder relationships have been done.

6.5.1 Responsibility for Managing Stakeholder Relationships

The questions asked here were “*who do you think is responsible for managing stakeholder relations?*” and “*why do you think so?*” which were targeted at finding out who should have the responsibility of managing stakeholder relationships as well as the reasons for the choices made by the respondents.

There were varying opinions about who should manage these relationships amongst stakeholders with some positing that the oil companies, the government and host communities should be responsible individually, while others argued that they should work in conjunction with each other. Following from this, a corpus of the responses of who should manage these relationships and the reasons for such views are analysed below; with both responses merged together into quotes for each respondent cited.

The first cluster of responses regards all stakeholders as being responsible:

*“**Every** stakeholder...because it **would have to be a collective effort to achieve their goals**. Also, **one stakeholder is as important as the other in the oil industry**” (T15).*

*“**All** the stakeholders involved....all the **stakeholders need to correlate in order to harmonize** their interest and protect same” (C28).*

The quotes reflect views that do not name any specific stakeholder as having the responsibility of managing these relationships, as they are all expected to jointly undertake such (*Every, All*). The first respondent (T15) argues that it will only take a combined endeavour for the various objectives of these stakeholders to be reached (*would have to be a collective effort to achieve their goals*) which seems to address the interests of each stakeholder in justifying the position taken. This is given more credence by the insistence that no particular stakeholder is actually more significant than the others (*one stakeholder is as important as the other*). The second respondent (C28) agrees that the stakeholders do not have a choice if they are to meet and protect their interests (*stakeholders need to correlate*). The synchronization of stakeholder interests is

attributed to the kind of relationship that exists between them (*harmonize*) which is deemed to be the only way for them to meet their different needs.

Other respondents regard particular stakeholders as having responsibilities for these:

*“The company....they are the ones with **interest** in a particular place so they **should know how** to manage the relationship between them and the host community” (C21).*

*“Government...because government **owns the land, mineral resources and the relevant laws** governing the oil industry operations” (M15).*

*“The Government...government is the **enforcer of laws and mediator** between all other stakeholders” (T20).*

*“The Government...in a federal country or state like Nigeria, the economy is being controlled by just one body (government) and **crude contributes majorly to the unification and progress** of the country state, so for the effective management of peaceful relationship between the two parties, the **government is the lubricant**” (S19).*

The first respondent (C21) views the oil companies as responsible for the management of stakeholder relationships because of their investments in the industry (*interests*) which they must protect. Also, they are believed to have the capabilities and technical resources to manage these relationships in order to achieve their goals (*should know how*). This agrees with the views of authors that businesses have a responsibility to manage their relationships with holders of resources they deem critical to their operations and survival (Freeman & McVea, 2001; Freeman & Phillips, 2002).

The rest of the respondents quoted here place the responsibility with the government though for their various reasons, with the second respondent (M15)

indicating the role of ownership of the resources and regulations deemed critical to the operations of the industry (*owns the land, mineral resources and the relevant laws*). Such regulations must be active enough indicating that certain laws might be enacted and functioning, yet may not necessarily be relevant to the operations of the industry which hints at time sensitivity as earlier posited by Mitchell, et al (1997). The third respondent (T20) adds that the government can wield its influence on the industry by ensuring the compliance of all stakeholders with regulations as well as acting as an umpire in these relationships (*enforcer of laws and mediator*). Interestingly, there is a reflection of the different roles of government in ensuring that the relationships between stakeholders in the industry are cordial. As a result, it enforces compliance with the regulations guiding the activities of the different stakeholders while also intervening when there is crisis between such stakeholders. The mediation role of the government is supported by the last respondent (S19) as it is deemed to sort out any difficulties in these relationships (*government is the lubricant*). This role is linked to the economic responsibilities of the government; even as the economy which is regarded as dictating how everything else works depends on the industry (*crude contributes majorly to the unification and progress*). The use of certain words by these respondents underline the actions expected of the government as a manager of the relationships between stakeholders in the industry, which is deemed vital to the smooth running of the industry.

Another cluster of responses point to two stakeholders:

*“Oil companies and host communities...because the **oil companies are directly operating on the host communities' lands**” (C50).*

*“Government and the Oil companies...because in Nigeria **they control the biggest stakes** in the oil industry” (S37).*

The respondents quoted above posit that two of the stakeholders should jointly manage these relationships amongst them, with the first (C50) identifying these to be the oil companies and the host communities. This is based on a dependent relationship existing between both parties, that is not seen to be in existence between other stakeholders in the industry (*oil companies are directly operating on the host communities' lands*). The second respondent (S37) agrees with the oil companies being one of the duo with this responsibility, but adds the government as the second based on the level of their interests in the industry (*they control the biggest stakes*). This allocation alludes to the impact that these stakeholders can have on the activities in the industry as a result of their stakes, which also tends to refer to the Joint Venture arrangements existing in the industry as earlier discussed in Chapter II. This could mean that other stakeholders may have stakes in the industry, but cannot be charged with this responsibility because they do not control enough of the stakes, as those with more stakes would do everything to ensure that the industry runs smoothly knowing that they have a lot to lose if it does not.

Another respondent regards all three major stakeholders as having the responsibility:

*“Government, oil companies, host communities...**for good stakeholder relationship, all stakeholders need to work together**” (C45).*

This respondent mentions the three major stakeholders as having the responsibility of managing these relationships but then expands this to include everyone deemed to be a stakeholder (*for good stakeholder relationship, all*

stakeholders need to work together). The justification for this variation could be seen as based on the thought that even in carrying out their different functions aimed at achieving their diverse goals they can manage these relationships. This is regarded as a necessity leaving the stakeholders with no choice, as that is the only guarantee for good relationships amongst them (*need to work together*).

The different views expressed by these respondents indicate that the oil companies and the government are mainly regarded as being responsible for the management of these relationships, while the host communities were not seen to be able to do this on their own. However, it is made clear that whichever stakeholder or stakeholders get saddled with the responsibilities of managing these relationships, there are certain actions expected of them in such roles. These are reflected by the use of certain action words such as *control*, *enforcer*, *mediator* and *lubricant* which show the constructive nature of the discourse in relation to the reality within the context of the industry. As a result, these words are deemed to have an impact on the relationships between these stakeholders as they shape the interactions that take place amongst them.

6.5.2 Management of Stakeholder Relationships

The questions asked here were follow up questions to the above and were designed to discover how these relationships have been managed by those deemed to be responsible for doing so, as well as alternatives suggested by respondents. The first question was “*how do they manage stakeholder relations?*” to which some respondents stated that the relationships have been

managed properly, while others disagreed, as can be seen from the analysis below.

This cluster of responses refers to the different methods of management:

“Identification of stakeholders according to their connection to the organisation, their relationship to the issue and legitimately their place in the communication strategy” (M09).

“The oil companies manage stakeholder relations by providing social amenities, employment and sometimes sponsor scholarships to the host communities” (C02).

These responses reflect that these relationships have been managed properly, with the first respondent (M09) referring to the basics in terms of recognition of the stakeholders (*identification of stakeholders*). This is based on features similar to Mitchell et al’s (1997) stakeholder attributes of power, legitimacy and urgency (*connection to the organisation, their relationship to the issue and legitimately*). The choice of words used by this respondent suggests that they possess a certain level of enlightenment about stakeholder issues, especially the stakeholder attributes. The second respondent (C02) depicts the oil companies as doing well in terms of managing their relationships with stakeholders, through their CSR activities. This is deemed to be done by the oil companies as a deliberate way of managing these relationships with stakeholders (*providing social amenities, employment and sometimes sponsor scholarships*). However, it is interesting to find that the respondent does not agree that the provision of these things are always applicable to all aspects of their CSR activities within these communities, especially when it comes to educational initiatives which are not physical projects.

The respondents below agree with proper management but refer to agreements:

“Through meetings and dialogues between all stakeholders. Ideas, views and opinions respected through Memorandum of Understanding (MOU)” (T20).

“By relating with the communities and doing what has been signed in the MOU between the community and the company” (S35).

The first respondent (T20) notes that the oil companies engage with the host communities and get them involved in the decision making processes (*meetings and dialogues*). These engagement sessions are deemed to be fruitful as the terms are said to be honoured by the parties involved (*Ideas, views and opinions respected*) and this is done through the mediums of the different agreements they have with each other (*Memorandum of Understanding*). The second respondent (S35) supports the place of honouring agreements by acting on their terms as being very important in the management of these relationships (*doing what has been signed in the MOU*). This tends to be a rhetoric reinforcing the point that respect, honouring and acting on the agreements between stakeholders in the industry affects the relationships amongst them. Also, there is presented above a perception that the host communities are active participants in their relationships with the oil companies, especially when it comes to MOUs.

The role of the government in managing these relationships is presented:

“By negotiating and mediating in dispute situations” (S32).

“Government passes laws that guide against disturbances against the oil companies” (T38).

*“By **setting up mediums** to meet the people's needs, **such as NDDC**” (T03).*

Here the government is presented as carrying out its duties of managing these relationships properly, with the first respondent (S32) stating the roles they play in crisis situations which are reflective of a neutral body (*negotiating and mediating*). The second respondent (T38) alludes to the government carrying out its responsibilities, especially in the enactment of laws but does so to protect the oil companies from any instability (*laws that guide against disturbances*). Aside from these, the government is also seen by the third respondent (T03) as acting in other ways targeted at responding to the aspirations of the people (*setting up mediums*). To prove that the view expressed here is verifiable, the respondent gives an example (*such as NDDC*) which is deemed enough evidence to convince the reader about the government's intentions and activities.

Other respondents do not agree that there have been proper management:

*“**Whichever way that suits** the oil companies” (S29).*

*“**They don't care** about our welfare, **they don't care** about anybody **whether we are dying or not**” (C73).*

*“**Actions give birth to reactions**. When the people are placed on **profit grounds or benefit grounds** peace will abound, the reverse gives birth to war (kidnapping)” (C22).*

These respondents see the oil companies as badly managing these relationships with the stakeholders, the first respondent (S29) hinting that it is done recklessly by the oil companies without any consultation with any other stakeholder (*whichever way that suits*). In support of this view, the second respondent (C73) insists that it is so bad that even if it means the death of the

people the oil companies would not be bothered (*whether we are dying or not*). This is emphasised by the respondent with the use of rhetoric by the repetition of a clause (*they don't care*) which also means that there is an expectation of care from the oil companies. The reference to death might be seen as an exaggeration by the respondent, as it would be expected that the oil companies would not be that heartless even though they are not the government. The last respondent (C22) agrees with the views of the above two by justifying the negative actions of the host communities by stating (*actions give birth to reactions*). This implies that the oil companies have no reason to complain about the happenings in the industry because they are reaping the fruits of what they have sown; so if they expect to see peace then they should start giving consideration to improving the host communities (*profit grounds or benefit grounds*).

Considering the views expressed above, a follow up question was asked “*what other alternatives can be taken?*” aimed at getting suggestions from respondents on alternatives to the management of these relationships, other than the present ones. In reaction, the respondents gave diverse views and suggestions of what they regard as alternatives.

A respondent argues that:

*“There is **no other alternative than** for them to **join together and come to dialogue amicably** in between the three stakeholders: Oil companies, Government, and Host communities” (M19).*

This quote gives the impression that the process or ways of stakeholder relationship management in place at the moment is good enough to sort the

issues at stake, but it has to be properly implemented (*no other alternative than*). In addition, the respondent prescribes collaboration and engagement between the three major stakeholders as being important for conflict resolution (*join together and come to dialogue amicably*). This view could be interpreted to sideline all other stakeholders as not being so important to be involved in the dialogue that take place between these stakeholders, as this respondent implies that once the three major stakeholders have good relationships with each, then all is well.

Other respondents do not agree, referring to resource control as the alternative:

*“The government **should** come up with a policy that the host communities **should** have **control over the oil industry** and **pay taxes to the government**”* (C68).

*“Communities should take over from government and **issue licences to oil companies**”* (C33).

The views expressed here insist that the alternative is the institution of what is referred to as resource control by the host communities where oil exploration and production takes place. The first respondent (C68) explains that this would mean government handing over their present authority over the industry to the host communities (*control over the oil industry*) who would in turn make a contribution to the government from their revenue (*pay taxes to the government*). The use of rhetoric is aimed at how the views expressed here are regarded as being the panacea to the issues in the industry (*should*). The mention of *taxes* shows that this respondent sees the major challenge between the stakeholders as being the distribution of the resources that are generated in the industry, especially economically. The second respondent (C33) agrees with

the transfer of control from the government to the host communities, but argues that the latter should actually be the ones to undertake negotiations and discussions with oil companies before oil exploration is started (*issue licenses to oil companies*). These views could be seen as reflective of the neglect felt by members of the host communities who think they have been sidelined from the processes leading up to the issuance of licenses to the oil companies and resource distribution.

Still other respondents see the solution as being honouring of agreements:

*“Through **effective and efficient implementation** of GMOUs” (S20).*

*“Through **proper implementation** of laid down agreements between both parties” (S09).*

These two respondents regard the execution of agreements between stakeholders as being the alternative to the management of these relationships, with the first (S20) hinting that there is need to improve how it is presently done (*effective and efficient implementation*). This shows that the individual thinks that the agreements signed between stakeholders currently are being executed but not in ways that they could be seen as impactful on the host communities, within the capacity available to the stakeholders. The second respondent (S09) agrees that these agreements once they are negotiated and accepted as binding by the parties ought to be operated in the right way (*proper implementation*). Both respondents view the process of properly implementing these agreements as a way of managing these relationships by the stakeholders involved, which could also mean that once this is done the stakeholders may not need to do anything more.

The last cluster of responses looks to others outside of the stakeholders:

*“Bring in the **international bodies like the UN** on human right and some **notable members** of the human rights organisation in Nigeria” (C08).*

*“Seeking **professional assistance** for proper management **can also serve**” (C69).*

These respondents disagree with how these relationships have been managed thus far and so think the process should be opened up, with the first respondent (C08) suggesting the involvement of international organisations (*international bodies like the UN*). Also, there is a call for the involvement of individuals and local groups with track records with reference to a lack of reputation as being responsible for the way things are in the industry at the moment (*notable members*). The second respondent (C69) thinks an alternative is getting others deemed to be knowledgeable enough on board (*professional assistance*), which hints that those managing these relationships at the moment are not doing a good job. However, this is not claimed to be the only option available for an improvement of these relationships (*can also serve*), which could also be seen as a variation implying that the processes in place are working but only need support. These views above could actually be a reference to the involvement of bodies deemed to be neutral; giving an indication of how much mistrust there is between the stakeholders as also noted by Interviewee NGO01 below.

The evidence in this section shows that the state of stakeholder relationships across the industry vary from one area to the other, especially considering that different ways are deemed appropriate for their management by the people. However, these methods of management must be utilised to get the best which could be through engagement with stakeholders, CSR activities, proper

implementation of agreements and more participation by the host communities. The respondents used certain words that reflect the kind of actions that they expect from the various stakeholders deemed responsible for managing these relationships that could be deemed constructive in terms of the discourse of these relationships.

<u>Management of Stakeholder Relationships</u>		
<u>Subtheme</u>	<u>Evidence from Data</u>	<u>Indication About Context</u>
Responsibility for Managing Stakeholder Relationships	Varying views about this such as all stakeholders in collaboration with each other, the government only and the oil companies only. Also stated was the collaboration between two stakeholders (e.g. oil companies & host communities and government & oil companies). Stakeholders mainly regarded as responsible for management of Stakeholder Relationships are the oil companies and the government.	This shows that as far as the people in this area are concerned, the management of Stakeholder Relationships is highly connected to the level of influence which the stakeholder wields. This leads to the emphasis being on the government and the oil companies, though everyone is still expected to make their various contributions in making it work as in traditional African societies where there is the communal spirit.
Management of Stakeholder Relationships	There were references to how these relationships are managed in a good way as including identification of stakeholders, involvement in CSR activities, implementation of agreement terms and the role of the government. Others regarded the management of these relationships to have been poor, so alternatives such as more cooperation between stakeholders, resource control, honouring of agreements and international support is recommended.	The data indicates that the management of these relationships in the context of this study is relative between the states. The reference to international support also tends to be an indictment on the people presently involved in their management, especially on the government side.

Table 6.7: Summary of Management of Stakeholder Relationships Findings

6.6 NATURE OF STAKEHOLDER RELATIONSHIPS

The analysis in this section focuses on the open ended questions in the survey instrument that asked about how the respondents identified good and bad stakeholder relationships, with the responses analysed below.

6.6.1 Identification of Cooperative Stakeholder Relationships

The first question asked here was “*how do you identify good stakeholder relations?*” with their responses highlighting various things and ways of knowing when there are good relationships between stakeholders in the industry.

The first respondent here claims good stakeholder relationships are non-existent:

“I cannot identify good stakeholders because since time up set the stakeholder is bad so I cannot identify the good one” (C26).

This respondent uses the extreme case formulation (*cannot*) to assert that it is impossible to identify good stakeholder relationships as these have been nothing but bad from the start of operations in the industry. It could be assumed from the above quote that no one from the Niger Delta can say they have experienced good stakeholder relations from the commencement oil exploration in the region. However, the view expressed here is made peculiar to the respondent with the use of rhetoric (*I cannot*) which tends to clarify that it might not be a general view. Interestingly, this respondent was responding to the question on how good stakeholder relations are identified but ended up giving an answer that shows how disappointed the individual is with the system.

The next cluster of extracts refers to the sub-theme of peace:

*“When there is **harmonious co-existence** between the stakeholders involved and **relevant peace** in the area” (M11).*

*“**Peace and development**” (C59).*

The first respondent (M11) describes a situation where stakeholders live and do things together with each other (*harmonious co-existence*), while there is a

significant level of calm in the environment (*relevant peace*) which would not necessarily be absolute in nature. The second respondent (C59) sums up what represents good stakeholder relationships in the industry with two words (*peace and development*), which suggests a relationship between the two. In other words, it implies that they both go hand in hand with each other, so once one is seen the other must be around for the assumption of good stakeholder relationships to be true. On the other hand, this could be interpreted as meaning that if there is peace but there is no development then good stakeholder relations cannot be claimed.

There is also a reference to the collaboration between stakeholders:

“When all stakeholders have a common interest and are collectively working together to achieve it” (T17).

“When all parties feel satisfied” (C42).

In the first quote (T17), there is a focus on the way that the stakeholders undertake their businesses in a collaborative manner, so as to arrive at a joint goal which they share (*common interest*). As far as this respondent is concerned there is nothing that reflects what stakeholder relationships are like other than how cooperative the stakeholders are with each other (*collectively working together*). This seems very simple as it gives the impression that there would not be any disagreements between stakeholders, while in reality that is not a possibility as there would always be misunderstandings in such relationships. The second respondent (C42) measures good stakeholder relationships by the sense of contentment which the different stakeholders show (*feel satisfied*), though this seems to not emphasize the reality of such

satisfaction. This means such could be perceived so long as it is a feeling expressed by the stakeholders concerned, but then this might be too abstract as it is not measurable. The views above are given with considerations for the place of the time factor in making these become reality (*when*).

These respondents refer to the operation of the agreements:

“Prompt implementation of the MOU duly signed by both operating parties” (S37).

“When all parties are ready to play the game by the rules” (C83).

These respondents regard compliance with the terms of the agreements entered into by the different stakeholders as another way of recognising when they are relating well with each other. However, the first respondent (S37) argues that such execution of these agreements must be done in a timely manner (*prompt implementation*), once the parties have reached an agreement on it through all the necessary processes (*duly signed by both*). The second respondent (C83) reflects someone that has an understanding of the various stakeholders having interests that they are anxious to protect (*play the game by the rules*), which could possibly make them indulge in actions that run contrary to the rules guiding their activities. Hence, their acceptance of the rules are not enough as they have to actually show willingness to live and act by those rules, otherwise they would be going contrary to the expectations of others (*all parties are ready*).

Other respondents point to CSR activities:

“When I can see good hospitals, good pipe borne water and good roads, etc” (C08).

*“**When** oil companies recognise their host communities, provide **employment and public amenities** for the ordinary man on the street” (S29).*

These quotes make reference to the CSR activities of the oil companies as being evidence that there is good stakeholder relations existing in the region, noting the place of the time factor (*When*). The first respondent (C08) highlights physical projects as being an important indicator about the type of relationships existing (*I can see good hospitals, good pipe borne water and good roads*) with this view personalised. For this respondent, it is important to sight these physical infrastructures, whether provided by the oil companies or by the government; which gives an indication to the importance attached to these kinds of projects. The second respondent (S29) agrees that physical projects are good but adds that empowerment of people also shows good stakeholder relationship (*employment and public amenities*).

6.6.2 Identification of Non-cooperative Stakeholder Relationships

On the other hand, there were varied responses by respondents to the question *“how do you identify bad stakeholder relations?”* as shown below.

The first cluster here identifies sub-themes around instability:

*“**When** there is **hatred, betrayal, violence, war, deprivation of peoples' rights** and the youths” (M19).*

*“**When** there is **constant crisis** between the stakeholders involved” (M11).*

*“The occurrence of **frequent crisis and instability**” (S20).*

*“**Where** there is **hostility, anarchy** and lots of disagreement; protesting by host communities and vandalisation of oil products and equipment” (C56).*

The respondents here present views around the various ways through which stakeholders, especially host communities react to bad stakeholder relations as evidence. The first respondent (M19) lists different scenarios that would aid one's identification of bad stakeholder relationships in the industry (*hatred, betrayal, violence, war, deprivation of peoples' rights*). The second (M11) and third respondents (S20) emphasise the consistent and enduring nature of these issues in the industry which indicates that they did not just start recently (*constant crisis, frequent crisis and instability*). The last respondent (C56) further underlines the kind of instability in the region with the use of (*hostility, anarchy*). The reference to war and anarchy could be an exaggeration as they imply the loss of human lives and lawlessness respectively, yet they show the respondent's thoughts about these relationships. Also, the use of these words could be interpreted as an indictment on the government as failing in its primary duties of protecting human lives and properties, as well as the maintenance of law and order in the environment. In addition, there is the consideration of the time and location factors (*when, where*), which tends to contextualise the points raised.

Another respondent gives an example of the above scenarios:

*"An instance is the **prevailing situation** in the country that accounts for **militancy in the Niger Delta region**. It is one of the **fallouts of** bad stakeholder relations" (C20).*

This respondent argues that current militancy in the region is one easy way of seeing what the situation in the industry is like (*militancy in the Niger Delta region*), which is regarded here as an outcome of the kind of relationship between stakeholders in the region (*fallouts of*). The earlier view above about

these issues being in the region for decades as well as being widespread is echoed once more (*prevailing situation*). In other words, the solution to militancy in the region would be the improvement of the relationships between stakeholders in the industry.

Another set of respondents identify abuse of influence or power:

*“When some stakeholders because of their **influence starts intimidating** those that have less influence in the industry” (T17).*

*“Oil companies sometimes **use soldiers to intimidate the host community** members instead of round table discussions” (S27).*

There is an introduction of intimidation of some stakeholders by others into the discourse, with the first respondent (T17) stating that there are scenarios where some stakeholders abuse the power they possess (*influence starts intimidating*). The second respondent (S27) mention the oil companies specifically as being guilty of the intimidation being discussed here, via the abuse of the machineries of the state (*use soldiers to intimidate the host community*). This further implies collaboration between the government and the oil companies, as the former have control over the machinery of the state which includes the military.

Another respondent refers to lack of CSR activities:

*“**No employment, no public amenities**, bad stakeholder relations” (S29).*

This respondent uses examples of CSR activities to emphasis the non-existent nature of certain things deemed to be important in enhancing stakeholder relations (*no employment, no public amenities*). The use of *employment* could be interpreted as an indictment on the oil companies as not doing enough to improve their relationships, while reference to *public amenities* indicate the

government's failure to play its part. This tends to indicate that if the government is doing what it ought to do, then the oil companies would not need to undertake CSR activities, as all the basic amenities that the people need would be available.

Other respondents also identify the operation of agreements:

*"When the **operating companies do not implement** the laid down agreement in the MOU" (S37).*

*"When any of the parties- host communities, government, oil companies etc **tries to bend the rule to their favour**" (C83).*

The respondents here indicate how the stakeholders execute the agreements that they enter into, with the first respondent (S37) specifically blaming the oil companies as being guilty of this (*operating companies do not implement*). The implication of this view is that once the oil companies do not keep to the terms of the agreement, then the relationship is regarded to be bad which might not necessarily be the case. The second respondent (C83) regards all three major stakeholders to be guilty, because they attempt to twist the regulations or terms of agreements to suit their purposes (*tries to bend the rule to their favour*). This view seems very suspicious, as the stakeholders could be said to be working in line with the terms of the agreement but may be seen as doing so in a way that suits their purposes, without concern for the interests of others who may be affected.

The responses from the respondents analysed above reflect the thoughts of those surveyed in terms of how they identify good and bad stakeholder relations in the industry. These were identified tangibly and intangibly through the actions and inactions of the oil companies and the government as well as the reactions

of the host communities to these. Also, there were references to manner of implementation of agreements, employment, different CSR activities and public amenities as being signs of good stakeholder relationships as well as bad stakeholder relationships. The diverse usage of both positive and negative words and clauses by the respondents give an indication to the differences between the relationships between the stakeholders; meaning that while it might not be all good it is not all bad too.

<u>Nature of Stakeholder Relationships</u>		
<u>Sub-theme</u>	<u>Evidence from Data</u>	<u>Indication About Context</u>
Identification of Cooperative Stakeholder Relationships	It is deemed to be reflected by a positive atmosphere of peace, harmonious co-existence, development, collaboration between stakeholders resulting in common interests, prompt implementation of agreement terms and high involvement in CSR activities.	This indicates that the people in the region relate the nature of Stakeholder Relationships to what the oil companies do to improve the lives of the people. On the other hand, it is expected that they also have their interests protected by so doing.
Identification of Non-cooperative Stakeholder Relationships	The signs of a non-cooperative relationship between stakeholders are constant crisis, hatred, betrayal, violence, instability, hostility, anarchy, militancy, abuse of power or influence, intimidation, lack of CSR activities and non-implementation of agreements	All of these signs seem to have been seen in the region at one point or the other, so the people tend to relate to them. The mention of lack of CSR activities and non-implementation of agreements can be seen as a summary of how the people know their relationship is not what it should be.

Table 6.8: Summary of Nature of Stakeholder Relationships Findings

6.7 SUMMARY

In this chapter, the data gathered through surveys have been analyzed with thematic discourse analysis through the identification and discussion of the themes generated from the data. This has enabled the identification of the three major stakeholders in the industry, how much interest and influence they possess in the industry that further qualifies them to be grouped into either primary or secondary stakeholder categories. Such identification and

categorization of stakeholders based on different attributes and qualities that they possess echo the thoughts of previous authors (Savage et al, 1991; Carroll, 1993; Clarkson, 1994; Mitchell et al, 1997; Phillips, 2003; Fassin, 2009). Also, there was the analysis of the discourses of stakeholder relationships as well as the management of these, with the various methods used by the stakeholders responsible for such discussed. Finally, there was an identification of the various ways through which the respondents recognize when the relationships between stakeholders are deemed either good or bad.

The analysis has shown that CSR activities, respect for the terms of agreements, information dissemination, resource allocation and distribution, all affect how these relationships are viewed depending on how they are used in the interactions between stakeholders. Hence, the presence of these different factors contributes to shaping the nature of stakeholder relationships in different parts of the region. The analysis of the semi-structured interview data in the next chapter will be used to confirm the findings of this chapter.

CHAPTER VII: INTERVIEW DATA ANALYSIS

7.1 INTRODUCTION

This chapter is a continuation of the analysis started in the previous chapter, with the focus here being on the data gathered through the semi-structured interviews conducted by the researcher. Before undertaking the analysis, there is a synopsis of the pilot interview conducted below to give an insight into what influenced the approach undertaken.

7.2 PILOT

The researcher undertook 1 pilot interview which was deemed sufficient as a result of the depth of information gathered from the interviewee. This pilot interview which took place within same timeframe as the pilot surveys was with an NGO representative with a depth of knowledge and experience in the region. The interviewee had over 5years experience of working with over 20 communities across the four states chosen for the study, while also having some contacts with the oil companies in the delivery of her job responsibilities. The respondent was identified by snowball sampling through a contact that had worked in the industry for a period of time and understood the context. The responses from this pilot interview were deemed useful and so can be said to have done the job for which it was intended, leading to adjustment of the interview schedule (see Appendix IV) as well as the research design as a whole. The usefulness of this pilot interview was demonstrated in various ways but specifically with regards to the adjustment of the research design which was influenced by the realization from the pilot interview that the idea of focus group sessions involving the different stakeholders in the industry might not be

feasible. This was stated by the interviewee as attributable to perceived levels of mistrust between these stakeholders, leading to the idea of focus group sessions being rejected by the researcher.

7.3 DATA ANALYSIS

The participants that agreed to be interviewed as part of this study were community representatives, company representatives, experts and NGO representatives as reflected on the table below. The information below has been coded to maintain the confidentiality and anonymity of the interviewees in line with the ethical requirements guiding this research.

<u>S/NO</u>	<u>CODE NAME</u>	<u>RESPONSIBILITY</u>	<u>EXPERIENCE</u>
1.	AKSMOBIL01	Youth President	NA
2.	AKSMOBIL02	Chairman, Joint Labour Committee for Mobil Core Communities	NA
3.	AKSMOBIL03	Youth President	NA
4.	AKSMOBIL04	Youth President	NA
5.	AKSMOBIL05	Community Opinion Leader	NA
6	BYSPDC01	Community Secretary/ Spokesman	6YRS
7	BYSPDC02	Gbarain-Ubie Community Leaders	NA
8	CHEVRON01	Secretary, Cluster RDC	NA
9	EXPERT01	Lecturer/Comm. Development Expert	10YRS
10	EXPERT02	Consultant/ CSR Expert	5YRS
11	EXXON-MOBILREP	Comm. Relations Team, AKS, Exxon-Mobil	3YRS
12	NGO01	Projects Officer, NGO	3YRS
13	NGO02	Ag. Executive Director, NGO	3YRS
14	NGO/EXPERT01	Community Development Expert/NGO	17YRS
15	NGO/EXPERT02	Community Development Expert/NGO	15YRS
16	RVSTOTAL01	Youth President	NA
17	RVSTOTAL02	Community Leader	NA
18	RVSTOTAL03	Youth Leader	NA
19	RVSTOTAL04	Youth Chairman	NA

20	SPDCREP	Sustainable Development & Social Impact Assessment Lead, SPDC	5MTHS
21	TOTALREP	Partnership and Development Head, Total E&P Nigeria	4YRS

Key Guide

- AKSMOBIL: Community Rep. from the Mobil Operating Area of Akwa Ibom State
- BYSPDC: Community Rep. from the SPDC Operating Area of Bayelsa State
- CHEVRON: Community Rep. from the Chevron Operating Area
- EXPERT: A CSR or Community Development Expert in the industry
- EXXON-MOBILREP: Exxon-Mobil Representative
- NGO: A representative of a Non-Governmental Organisation
- RVSTOTAL: Community Rep. from the Total Operating Area of Rivers State
- SPDCREP: SPDC Representative
- TOTALREP: Total Representative

Table 7.1 Brief on Interviewees

These interviews were transcribed and then analyzed with the aid of the NVIVO software, starting with an identification of different themes that were prevalent in the different interview transcripts. The figure below shows the range of 27 themes that were identified from this initial codification of the interview data;

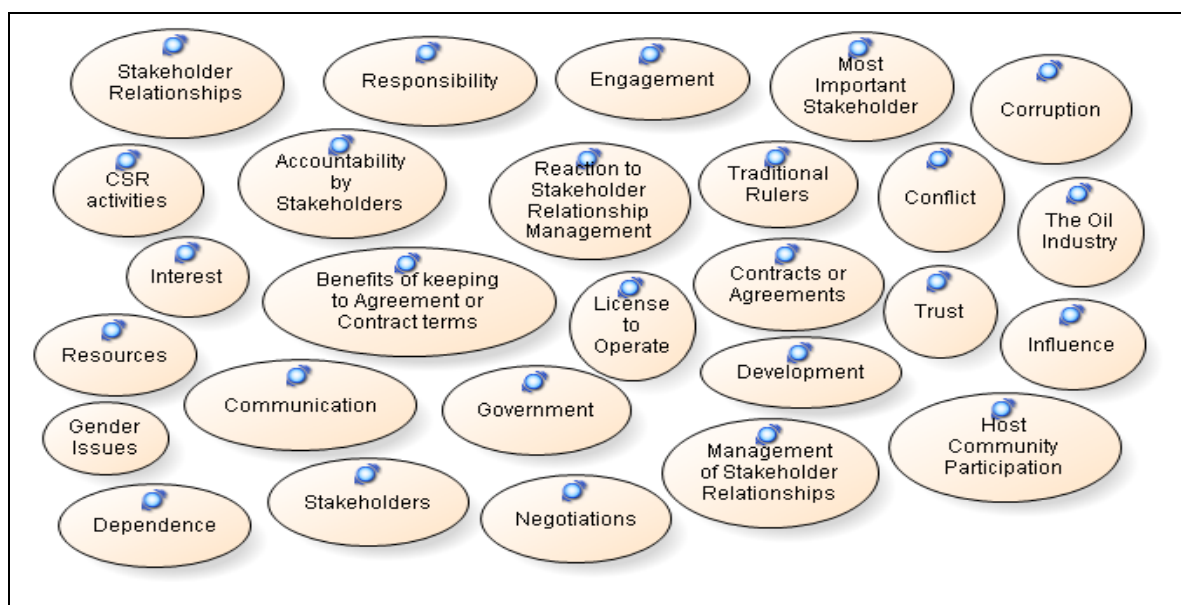


Fig. 7.1 First Coding Categories

The above themes and codes were further reduced as some that were deemed to be related were merged together and discussed under the new themes, with the figure below reflecting the resultant 17 themes.

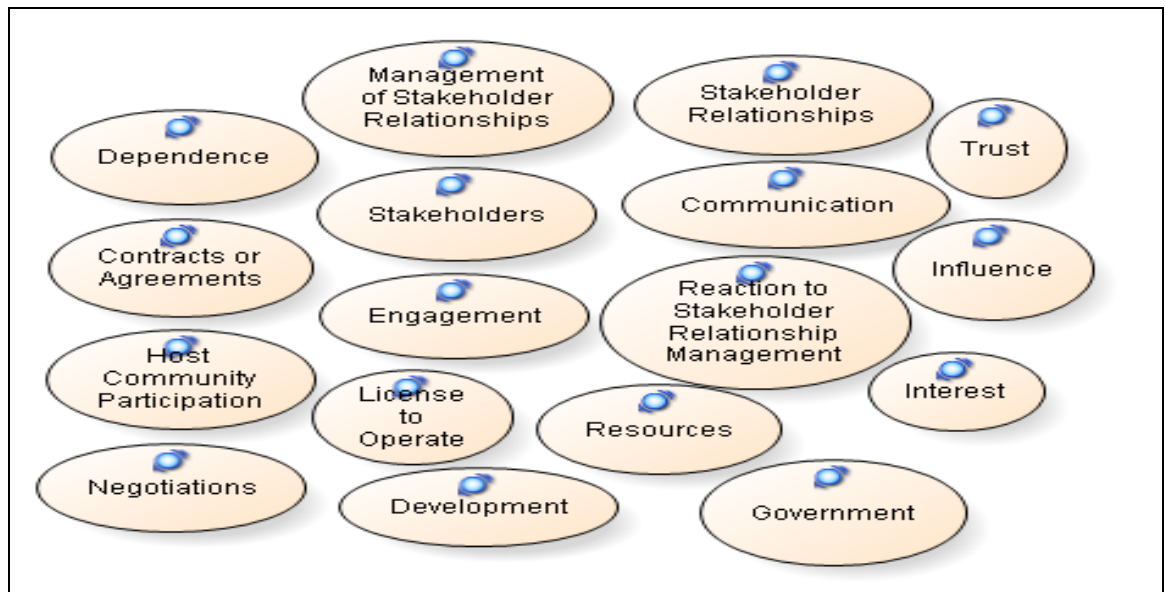


Fig. 7.2 Merged Coding Categories

Following from the above figure bearing the merged themes, the data is analyzed below using Thematic Discourse Analysis (Singer & Hunter, 1999) as earlier indicated in Chapter V. This involves the analysis of the responses of respondents with a focus on the deeper meanings of the words and clause used by these in the discourses, seeking for variations, rhetoric and accountability mainly. As a result, relevant extracts from different participants in relation to the particular theme identified are clustered together and discussed below. These are further analyzed below under four broad themes that form the fulcrum of the findings of this study. These codes have been allocated to the four broad themes below based on their connections with the main theme in terms of the words and phrases used by respondents and how these codes aid the

development of these main themes discussed below. The allocation of these codes can be viewed in Chapter V (see Table 5.6 on p.145).

7.3.1 The Nature of Stakeholder Relationships in this Context

The discussion here concerns themes that relate to the nature of the relationships between the stakeholders in this particular context, starting with identification of stakeholders.

7.3.1.1 Stakeholders

This theme reflects the various groups identified by participants as stakeholders in the industry as well as the one considered to be the most important out of those identified, with variations in these views.

A respondent bases stakeholder identification on impact:

*“The stakeholder in my view should be **anybody who can be impacted or can impact** upon your operations **irrespective of whatever business you are into**; or whatever **even if you’re a government agency**, a stakeholder is anybody who is impacting, who can impact on what you are doing”* (EXPERT02).

This expert tends to be agreeing with the broad academic definition of a stakeholder by authors (Freeman, 1984; Savage et al, 1991; Carroll, 1993) that is based on impact (*anybody who can be impacted or can impact*). However, it is not clearly stated the kind of impact being talked about here, especially if such an impact is an illegal one. Also, there is an implied generalisation of the above definition to any other industry or sector (*irrespective of whatever business you are into*), even the public one (*even if you’re a government agency*).

Another respondent points to proximity:

*“Ehhh...stakeholders, I will say **the communities where this oil industry is exploiting** and more. We have the government, the government agency and even the government itself are part of the stakeholders while the elders, paramount rulers, the youths, the women. **I think everybody from the community is a stakeholder** as far as that business is concerned”* (AKSMOBIL02).

This community member introduces proximity to the industry as being criteria for deciding who can be called a stakeholder, especially in terms of geography which then qualifies the host communities to be considered as one (*the communities where this oil industry is exploiting*). In addition, other stakeholders are mentioned and listed, but the focus remains on the host communities as different groups within them are listed as well which the respondent further confirms (*everybody from the community is a stakeholder*). These views are personalised by the respondent, while they are not presented as certain (*I think*).

Also, the stakeholders were identified based on their involvement in the industry:

*“First when you look at the stakeholders, take for instance, if a company is coming to produce oil in your community, then you have to now think of who are those people that make sure that the oil is drilled. So **all those people that will be involved in making sure that the oil is drilled** they can be regarded as the stakeholders, so in anything you do **you need to analyze** the stakeholders very well..”* (EXPERT01).

This expert also stays within the broad identification done earlier on by making reference to involvement as being the main determinant of who is called a stakeholder (*all those people that will be involved in making sure that the oil is*

drilled). This seems broad on the surface but further look indicates that the involvement and importance of these stakeholders can vary from time to time, making it necessary that they are continuously assessed (*you need to analyze*).

The next set of respondents think involvement is not enough as they refer to roles:

*“The multinational companies and their various service companies, the Nigerian **government which has its own shares and the regulatory processes** in the system like NNPC and the communities who **own the natural environment** where this people operate, they are all stakeholders”* (BYSPDC01).

*“Stakeholders in the Industry and indeed to TEPNG include: Business Shareholders / **Financiers of Business**; producing (host) communities / the **Business raw material source**; Government and her business regulatory agencies; Our Technical partners, suppliers and clients; Civil Society / NGOs interests in our business”* (TOTALREP).

“Government, Communities & Media, Shareholders, Customers, Suppliers, Employees” (EXXON-MOBILREP).

“Communities, Government, NGOs, Media, Shareholders, Regulators, security agencies, etc.” (SPDCREP).

The above views highlighted that the stakeholders must have specific roles that qualify them for a stake in the industry, with the first respondent (BYSPDC01) noting the huge interests and regulatory status of the government (*government which has its own shares and the regulatory processes*). The other major stakeholders are also mentioned, with the role of the host communities being stated as their ownership of land (*own the natural environment*). The rest of the respondents were company representatives who went on to specifically name the different groups they regard as stakeholders in the industry, as the second respondent (TOTALREP) agrees with the place of the roles played by these in

the industry (*Financiers of Business, Business raw material source*). The other respondents (EXXON-MOBILREP, SPDCREP) both include the media in their list of stakeholders which could be attributed to the role they play in shaping the thoughts and perceptions of the people. Also, the inclusion of the shareholders, customers, suppliers, security agencies and the NGOs by these interviewees reflect their broad perspectives to the industry as a result of their knowledge of the workings of the industry. Interestingly, the oil companies were not listed by themselves as stakeholders, which could be based on the view that they are the focal point as earlier posited by Freeman (1984).

Another respondent does not give any reasons for the identification:

*“Yeah, if you come to a community that hosts an oil company for instance, the stakeholders should be the community, the government and the oil company. There might be other stakeholders but these are **the three major stakeholders** that should be involved when you talk of stakeholder relations... Well, **the environment could be part of it**, but then it is the community that owns the environment so they can as well represent both their interest as a people and also the interest of their physical environment... Yeah, **NGOs should be**. But we don’t have that kind of recognition from the government especially when you try to be neutral” (NGO01).*

This NGO representative does not give any justifications that should qualify a group as a stakeholder in the industry, but lists out the different stakeholders stating those deemed to be the main ones (*the three major stakeholders*). The respondent reluctantly includes the environment and NGOs as stakeholders after prodding by the researcher, reiterating Mitchell et al’s (1997) view about the non interactive nature of the former and the latter’s indirect relationship with the industry (*Well, the environment could be part of it, NGOs should be*).

In addition to the views expressed above by the interviewees, there were variations in terms of the most important stakeholder as some did not regard any as deserving such a status, while others thought otherwise with their reasons;

This cluster regarded none of the stakeholders to be deemed as the most important:

*“So at every stage of your operation, you have a stakeholder group that is impacting or affects your business and so you treat them as such...So **at no point in time** will there be the most important stakeholder group, **it depends on the operation going on and those affected by it and those who also affect the operation**” (NGO-EXPERT02).*

*“The most important, **I have never thought of it** in that line. You cannot do without one, they all sort of work together. **It is like a circle**, you cannot break it...I have not thought about the most important before, **but if you ask me** I will say the community people are the most important stakeholders” (NGO02).*

These interviewees do not agree with the view that any single stakeholder can be seen as the most important in the industry, as the first respondent (NGO-EXPERT02) notes that such a status is relative to the role played by the stakeholder in a particular industry activity (*it depends on the operation going on*). The dynamic nature of this status is further underlined by the respondent with the use of what Pomerantz (1986) called the extreme case formulation (*at no point in time*) though it also tends to contradict dynamism being conveyed. All of this is seen as happening in relationships with other stakeholders who feel the impact of the stakeholders' actions (*those affected by it and those who also affect*). The second respondent (NGO02) starts out by making it clear that this aspect of the discourse is new to them (*I have ever thought of it*) which could

also serve the purpose of being an excuse, just in case the answer is not deemed right. To further confirm this, there is an indication of reluctance to refer to any stakeholder as the most important (*but if you ask me*) and this is justified by the interdependent nature of the relationships between them (*It is like a circle*). This view is in agreement with the previous position of authors that stakeholder relationships are multiple, intertwined and interdependent (Williamson & Winter, 1991; Rowley, 1997).

The host communities are regarded by some respondents as the most important:

*“Again, for now I think the most important stakeholder for an oil producing company right now is the local community..I say that because more and more, they are **beginning to become upbeat** that **apart from having a legal license** to operate what business will now need is the **societal licence to operate**”* (EXPERT02).

*“Stakeholders are not equal. Incidentally, the most important stakeholder is the most marginalised and they are the Niger Delta people. Those **who own the land; those who own the resources underneath; those whose permanent address is here. They were here** before the government; **they were here** before the oil industry. They will continue to be here even if Nigeria doesn’t continue; they will continue to be here even if government changes”* (NGO/EXPERT01).

*“The most important Stakeholder among the mentioned is **the Raw Materials source/ Host communities...** Reason is that **without them in the first place** there will be no business – no financier, no govt and indeed the other stakeholders will not be there.”* (TOTALREP).

The above quotes are from interviewees that regard the host communities as being the most important stakeholder in the industry, with their different reasons. The first respondent (EXPERT02) bases the classification of the host

communities as the most important stakeholder on their provision of a license that is so important that without it the firm cannot operate (*societal license to operate*). It is argued that while the company might be legally permitted by the government to operate, it cannot do so unless it has this license from the host communities (*apart from having a legal license*). There is an assertion that that there is an excitement building within companies on the acquiring of this societal license that was previously absent which further indicates their willingness to undertake the maintenance of relationships with these stakeholders (*beginning to become upbeat*). The second respondent (NGO-EXPERT01) introduces inequality as being the basis of the status of most important stakeholder that is given to the host communities and this is justified by their connection or affinity to the environment (*who own the land; those who own the resources underneath*). There is a hint of them being the highest victims of anything that goes wrong in the environment as they have nowhere else to run to in case of such (*whose permanent address is here*). They are further justified with the use of rhetoric as deserving of the status since they even predate their closest rivals for it in the industry, which are the other major stakeholders - government and the oil companies (*They were here, they were here*). Interestingly, the oil company representative (TOTALREP) agrees that the host communities are the most important as a result of their provision of the resources needed for the operations in the industry (*the Raw Materials source*). The view of the latter's irreplaceable is further supported as they are deemed to have played the most important role of all the major stakeholders by providing

the environment for the industry to be sited from the start (*without them in the first place*).

This set of respondents refers to the government as the most important stakeholder:

*“Well, because before any company will operate in any state it must liaise with the government and the government **may likely give directive**”* (AKSMOBIL01).

*“Given our Nigerian situation, I think Government is most important and that is because Government in Nigeria is license grantor and **has the capacity to do act otherwise**. However, **this is not to play down** the importance of the community and the employees”* (EXXON-MOBILREP).

The first respondent (AKSMOBIL01) claims the government to be the most important stakeholder as it contributes to the birth of the industry with the role it plays in ensuring that things are done properly, though there is some doubt about how well this is done (*may likely give directive*). The company representative (EXXON-MOBILREP) agrees by stating that the government has all it takes to do what it wants, though it may not be doing this (*has the capacity to do act otherwise*) while warning that the host communities and employees must also not be taken for granted (*this is not to play down*). This coming from a company representative could be seen as meaning that these two stakeholders mentioned are being overlooked by the oil companies and the government as not being important in the industry.

Finally, other respondents regard the oil companies as the most important:

*“Directly Government are **very far from** the communities and so the most important one **would remain** the oil companies themselves”* (BYSPDC01).

*“When you talk about level of importance **it is difficult to say** this one is more important...But then what we feel most often, **the general man in the village feels** it is the oil company; **if you ask anybody they will say** the oil companies” (BYSPDC02).*

The first respondent (BYSPDC01) hints at an anomaly as the oil companies are being perceived as being closer to the host communities than the government which then grants the former the status of most important stakeholder (*very far from*). There is also an indication that the oil companies have held this status for a while now and will continue to do so until the government wakes up to its responsibilities (*would remain*). The second respondent (BYSPDC02) regards the task of identifying the most important stakeholder as one that is challenging (*it is difficult to say*) which could be seen as an excuse. However, the oil companies are identified as being worthy of this position though this is based on the perceptions of the people on the issue as expressed by respondent (*the general man in the village feels*). This supposed general view on the issue is further justified with the use of an extreme case formulation (*if you ask anybody they will say*) that tends to challenge anyone to attempt to find out if they can get a different answer from the people. The reference to the oil companies as the most important stakeholder by the interviewees from Bayelsa state could be attributed to the role played there by the GMOUs which these companies have signed with these communities.

The themes highlighted in the discourses above show the diverse views with regards to those identified as stakeholders in the industry, according their impact, involvement, roles and proximity to the industry. Also, the three major stakeholders earlier identified from the surveys are variously regarded as being

the most important stakeholders in the industry as a result of their roles and functions in making the industry work. However, there is a connection between these views and the relationships amongst stakeholders as roles and features that grant the stakeholders their status is exhibited in interactions with others and not in isolation. The oil company representatives and the host communities agreed on most of these issues, so there was no clear cut difference between the views of these groups of respondents.

7.3.1.2 Stakeholder Relationships

This whole study is about this theme so the attempt here was to get the opinion of the participants on the nature of the relationships at the moment, to which there were varied views as shown by the few quotes below. The analysis is done with extracts clustered together according to the different companies' areas of operation.

The relationship is deemed bad by respondents in the Exxon-Mobil operating area:

***"They are not doing well** in terms of employment, **they are not doing well** in terms of respecting the local content, and **they are not doing well** in the area of contracts. **They are not doing well** in the area of scholarship; **they are not doing well** in the area of community development" (AKSMOBIL01).*

*"...as I'm talking to you now **the relationship is not cordial**...that is why they normally see **all these blocking of the road**, community people are blocking today or are blocking tomorrow because they have not given us access to tell them our problem, and they have not given us access to tell them our problem like what I told you" (AKSMOBIL03).*

The community representatives from this area claim that the relationship between them is not good, with various reasons to support their views. The first

respondent (AKSMOBIL01) refers to the company's low CSR activities in the area as being the measurement for deciding the nature of the relationship between them, which is emphasised with the use of rhetoric (*they are not doing well*). On the other hand, while the repetitive use of this clause might be seen as emphasis of the point, it could also be interpreted as meaning that the company is doing some things in the area though they may not be deemed to be doing enough. The second respondent (AKSMOBIL03) clearly states the relationship between the stakeholders in the area as not being good; though avoiding the use of the word bad (*the relationship is not cordial*). This is deemed as enough justification for the instability caused by the youths in the area (*all these blocking of the road*) which connotes bad stakeholder relationship between the host communities and the company, as well as indicating the outcome of such relationships. There is also established a causal link between the instability in the area and the lack of access by the communities to the company, implying that an improvement of the relationship would depend on granting the former access to the latter.

*“Generally **good but could be better**... Therefore, **we must develop and manage relationships** consistent with corporate goals and objectives as well as maintain effective external relationships within appropriate boundaries to achieve business results” (EXXON-MOBILREP).*

The representative of the company disagreed with the negative view of their relationship with the host communities, while noting that there is room for improvement (*good but could be better*). There is an assertion that the growth of the business depends on its management of its relationships with stakeholders, including the communities. It is further argued that there is the need for these

relationships to be built and managed in line with the company's aims (*we must develop and manage relationships*) which could also imply a concession by the company that they are not doing enough at the moment. The difference in the views of the community members and the company representative could be accounted for by the lack of impact made by the CSR activities of the company in the area (Idemudia, 2009).

The relationship is deemed dynamic by respondents in the SPDC operating area:

*"Yeah, **it is cordial and sometimes chaotic**. Cordial when there is an agreement when the processes of coming together to do things are respected. Chaotic when these processes fail as a result of disobedience or failure in obedience... So **if the GMOU becomes a practical successful working tool**, we'll have a cordial, fruitful and working relationship with each other"* (BYSPDC01).

*"Initially **we were naïve** so relationship was cordial, like in the early 70s when Shell came into our area, our people were naïve. They were only dashing them gift, seeing them as people from a different planet and the little gifts the oil companies gave they accepted them with so much joy; at that time the relationships were very cordial. Over time people start getting to know more, **getting more insight** into this oil business; becoming aware that the people have been short changing us over the time... At that point the relationship now went to its lowest ebb, that's when we now saw agitations here and there, vandalism, work shortages and all the rest, because some persons have been short changing the communities"* (BYSPDC02).

The respondents in this area view their relationship with the company as being dynamic in nature with the first respondent (BYSPDC01) arguing that it changes with circumstances (*it is cordial and sometimes chaotic*) with this attributed as being dependent on how the terms of agreements are complied with. There is a

hint that the relationship is more chaotic than cordial, as it is posited that if the agreements were implemented by the parties involved then there would be better relationships between the stakeholders (*if the GMOU becomes a practical successful working tool*). This means the MOUs and GMOUs of themselves do not make any relationship better on their own, unless the different stakeholders play their roles in their implementation. The second respondent (BYSPDC02) agrees with the dynamic nature of the relationships in the industry but insists that it was cordial at some point and chaotic at some other point, because of the people's lack of exposure to information (*we were naive*). It gives an indication that the increased access to information by the people led to the agitations in the industry (*getting more insight*) even as one would think more access would mean more cooperation. However, this change of a positive thing into negativity could be attributed to the people sourcing such information by themselves without the companies making them available. In other words, information needs to be given voluntarily and properly managed to get the right response from the receiver of such information.

"I would describe the relationship as cordial, but it can be better" (SPDCREP).

The company representative regards the relationship as being good but tends to warn that this view might not be one held by the other stakeholders, especially the host communities (*I would describe*). However, it is noted that it is not yet in a perfect state so still requires more work to improve it. Also, the fact that neither of the interviewees from this state used bad or anything negative in describing the relationship between them indicates what their expectations and actions are in this regard.

The relationship is deemed as good by respondents in the Total E&P operating area:

*“So **Elf is not a bad company**, the relationship between Elf and Egi community **as far as I know** is okay, **if any other company should do like Elf**, I do not think we should have company-community crises. Elf is accessible, Egi people too are learning, they do not hold Elf to ransom” (RVSTOTAL01).*

The view above is reflective of those of community representatives from this area who claimed that the relationship between them is good, as this respondent even stated that the actions of the company has been crucial to such a relationship (*if any other company should do like Elf*). However, this respondent personalises the view point by noting that their knowledge may be limited though he is highly placed in the community (*as far as I know*). Also, there is an implied reference to some other companies as being bad which could also refer to the respondent's view of the previous company that Total took over operations in the area from (*Elf is not a bad company*).

*“The relationship between TEPNG and Host Communities **has been very cordial**. Reason for this is the desire translated into **transparent practical willingness** by TEPNG to develop the Communities where she operates. This is a corporate policy and is executed with human face, to uplift the infrastructural and human capacity level of the people. The key here is that TEPNG has **absolute respect for the people**, their culture, their wellbeing and the environment” (TOTALREP).*

The company representative concurs with the good relationship claimed by the interviewee above; attributing this to the company's desire (*has been very cordial*). This is seen as a result of the company voluntarily taking the option of opening up its activities to the host communities as a way of improving the lives of the latter (*transparent practical willingness*) which also implies that there

could be willingness that is not practical and so does not produce the right results. On the other hand, there seems to be a bogus claim about how the company treats its host communities (*absolute respect for the people*) as it is difficult to ascertain how this was measured, though one can assume that whatever the latter says would be accepted by the former. There is an agreement between the oil company and the host communities in this area that their relationship is good, even though there is still room for improvement.

The relationship is deemed to be bad by experts and NGO representatives:

*“The relationship is **like that of the cat and mouse** thing. It is one that is full of suspicion, deprivation, fraud and lack of trust...So I can’t say they have a good relationship”* (NGO01).

*“I wouldn’t say that the oil industry has been unduly vilified; **they’ve not been demonised**. The truth is that the picture the people have of the oil industry is exactly what it is...Stakeholder relations in the Nigerian oil industry is in shambles ...”* (NGO-EXPERT01).

*“The relationship between government and also communities to me is **very weak** because government is not doing what they are supposed to do to improve communities and if they are not doing what they are supposed to do I do not think any relationship between them can be strong. So I am sure the relationship between oil companies and government they are **strong**, the relationship between companies, government and the communities for me I give them a **weak pass**”* (EXPERT01).

The views presented above indicate that the relationship between stakeholders in the industry is not good at all, as the first respondent (NGO01) emphasizes how bad these relationships are by drawing an analogy as a way of easily and quickly conveying the point (*like that of the cat and mouse*). The second respondent (NGO-EXPERT01) agrees that the relationship is very bad and

even tends to argue that whatever the people describe it to be that is exactly what it is (*they've not been demonised*). There is a further reference to the industry being in a state of high level disorder (*shambles*), which means it will take a lot to restore back to the place it should be which is one of order. The third respondent (EXPERT01) argues that the relationship between the three major stakeholders is not good (*weak pass*), same as the one between the government and the communities (*very weak*) though these are not referred to as being bad either. On the hand, it is implied that the one between the government and the oil companies is good (*strong*), with these categorisations of these relationships being in line with Eweje's (2007) view on trust amongst these stakeholders. The views of these interviewees could be seen as true considering that they are neutral as far as their official affiliations and backgrounds are concerned, but maybe not as bad as they have posited it to be; as other interviewees have deemed some relationships in the industry to be good.

The analysis above reflect the dichotomy between the views of the respondents about good and bad stakeholder relationships, as perceived by the respondents which is a further confirmation of the survey data earlier analysed above. Also, this diversity in perception of respondents shows that the relationship between stakeholders in the industry is variable in nature from area to area depending on how well the host communities think the oil companies are meeting their needs in terms of CSR activities. In addition to this, the implementation of MOUs and GMOUs are also seen by the interviewees as being important in these considerations. Following from this, there is agreement amongst stakeholders in

the Total areas that their relationship is very cordial, while for those in Mobil areas the host communities think the relationship is bad but the oil company disagrees. The earlier works of Eweje (2007) and Idemudia (2009) have been used to validate these views from the respondents and there is some level of agreement between them.

7.3.1.3 Management of Stakeholder Relationships

This theme explores how stakeholder relationships are managed, who is deemed by the various participants to have this responsibility and how well that is done.

The host communities are regarded as responsible for management:

*“It is the host community because you are working with the host community so more or less it is the host community that you could relate with. It is **when something is very serious** then you now call the government, but in terms of maintaining peace and order, it is from the host community” (AKSMOBIL01).*

This community representative thinks that the normal daily maintenance is not something so serious that the host communities cannot manage them, noting that it is only needful to get the government involved when the former finds it impossible to manage (*when something is very serious*). This could also be interpreted as meaning that the interference of the government in these relationships should not be everyday practice, which tends to be in line with social contract view of the sovereign who arbitrates between contractors when there are issues (Locke, 1690).

The oil companies are meant to manage through their various departments:

*“The person who is **supposed to be managing** this relationship **as far as I know** because we have what we call public and government affairs department*

in Exxon-Mobil and these are the people I am relating with as far as community issues are concerned” (AKSMOBIL02).

*“The responsibility is principally that of Management, since it is a **license to operate issue** and this is stewarded by specific departments (Venture Relations, Public & Government Affairs, Procurement) within the organization involved in **high impact external interfaces**. However the Community Relations team of the Public & Government Affairs department serves as the main point of contact...” (EXXON-MOBILREP).*

*“The Sustainable Development Division is vested with the responsibility of developing and ensuring compliance, of Corporate Sustainable Development policies and framework while the Community Affairs is responsible for delivering **daily and direct** operational services to host communities; all according to company policy and agreements reached with communities” (TOTALREP).*

The first respondent (AKSMOBIL02) regards the oil companies to have the responsibility of managing these relationships through the relevant departments, but is sceptic about them doing this (*supposed to be managing*), though he warns that this is coming out of his limited knowledge of the industry (*as far as I know*). The second respondent (EXXON-MOBILREP), a company representative places management of these relationships mainly with the companies as it helps them maintain their access to critical resources required for their operations (*license to operate issue*). In other words, if the companies fail to manage these relationships with stakeholders properly then it could lead to their loosing those resources that they need for their survival. This management is done through the various departments charged with such responsibilities, taking into consideration the influence of the particular stakeholder being dealt with (*high impact external interfaces*) which could imply that the salience of a stakeholder is deemed important (Agle, 1999). The third

respondent (TOTALREP), another company representative agrees with the views expressed above about companies managing these relationships, but notes the importance of making it a frequent affair (*daily and direct*). This indicates that these relationships could easily get bad if they are not given daily attention with regards to their management which makes it necessary that the companies allocate such to departments who bear sole responsibility for it. There is a difference between the both companies, with the first making managing of these relationships the sole duty of the company without community involvement while the second highlights that it is done in conjunction with the communities.

Other respondents refer to the government as being responsible:

*"You know government is at the centre so it is the responsibility of government to manage these relationships... I think to my own opinion **government should be at the centre pulling** the communities and also the oil companies... after all if you now look at the sharing ratio who takes the largest share, **they take the largest share**. So what are they doing with the largest share that they cannot use it in developing the oil producing communities, they are not alive to their responsibilities because if they are alive to their responsibilities in fact the **oil companies will be on public holidays**" (EXPERT01).*

*"The fellow to manage stakeholder relationships in this wider perspective in which you are putting it is the government, **that is the agent**... who do you think is failing? It is the government. They are not managing the interface properly. Probably because of **greed, maybe because they don't even know what to do**..." (NGO-EXPERT01).*

*"It is government responsibility to set the agenda or mode of operation within the country... They have set but **not able to enforce**. Enforce in the sense that when taxes and royalties are paid, they **fail to use it judiciously** and when company fail in their responsibilities, government does not have the will power to penalise" (SPDCREP).*

The first respondent (EXPERT01) who is an expert in the industry regards government as the one responsible for managing these relationships because of its position in the middle (*government should be at the centre pulling*), which could be based on its role in the industry. This is further justified with reference to their JV partnership with the oil companies as well as the amount of revenue generated from the industry (*they take the largest share*). It is further claimed that these revenues generated are not properly utilised by the government, further emphasizing the lack of proper management which is why so much expectations are placed on the oil companies by the communities (*oil companies will be on public holidays*). The second respondent (NGO-EXPERT01) regards the government to be responsible because they are meant to represent the people (*that is the agent*) which it is not doing. He contemplates finding a reason to explain why the government cannot or would not manage these relationships as they should (*greed, maybe because they don't even know what to do*) which could be a reference to corruption and a lack of insight. The last respondent (SPDCREP), a company representative agrees with the views above stating that the government has done part of its work but has failed to do the others. These are mainly in terms of ensuring company compliance with regulations (*not able to enforce*) and proper utilisation of the revenues generated (*fail to use it judiciously*). This view is interesting, especially coming from a company representative and could also explain why the companies tend to be seen by some respondents above as being responsible for the instability in the industry. The views expressed here tend to confirm those of earlier

authors that the government's inactivity puts more pressure on the oil companies (Ite, 2004; Eweje, 2006; Idemudia & Ite, 2006).

The responsibility is deemed to be that of the major stakeholders:

*"It is **supposed to be dual**, the responsibility, because the oil companies have a stake, the communities also have a stake, government has a stake and so it is supposed to be participatory in all. But where one side seems to be short-changed, where there are some gaps...where there are leakages in the process, then the relationship becomes chaotic; and **it could come from anywhere**" (BYSPDC01).*

*"It is not just the company itself; government has a **very strong role to play** there...So both the operating companies and government have a role to play and they the communities themselves have a very clear role to play...You have seen situations where there has been **sabotage** of operating facilities; you have seen cases where **militants** have had to shut down operations of some places. There is no gainsaying that all that is evident that the management of the relationship has **not been at its best**" (EXPERT02).*

The first respondent (BYSPDC01) hints at what ought to be an ideal scenario that involves the three major stakeholders in the management of these relationships because of the interests of these stakeholders, which does not seem to be the case (*supposed to be dual*). This is caused by flaws in the processes that make up the system as caused by the stakeholders involved; leading to strained relationships between them (*it could come from anywhere*). The second respondent (EXPERT02) agrees with the responsibility being shared between these major stakeholders but notes that the government's role is the most vital (*very strong role to play*). The lack of good management of these relationships is blamed (*not been at its best*) for the different vices in the industry (*sabotage, militants*) which could be taken as the use of strong words.

However, they tend to corroborate the views of respondents earlier that militancy in the industry is an example of the nature of the relationships between stakeholders.

The NGOs are also deemed to play a role in the management of relationships:

*“Some of the **NGOs are responsible and also the community leaders** are responsible for this...” (RVSTOTAL02).*

*“I would have said most of the times it’s the NGOs but then the oil companies are also taking on the responsibilities of managing the relationships on ground. But they **have reliance on the NGOs** and the CSO (Civil Society Organizations) that we have on ground for the management of these relationships” (NGO02).*

The first respondent (RVSTOTAL02), a community representative adds the NGOs to those responsible for managing stakeholder relationships but they are seen as doing so through the communities (*NGOs are responsible and also the community leaders*). This indirect role could be seen as being a result of their lacking a direct relationship with the other stakeholders, especially the oil companies so they have to depend on others to gain legitimacy (Phillips, 2003; Fassin, 2009). The second respondent (NGO02), regards the role of the NGOs as being more important than depending on others arguing that the oil companies actually depend on the former for the management of these relationships (*have reliance on the NGOs*). These could be seen in terms of the roles they play in the execution of the companies’ community development projects, which help to manage these relationships by keeping these communities calm.

From the analysis above, it can be seen that there is no consensus amongst

participants on whose responsibility it is to manage these relationships, with the host communities, government and oil companies all deemed to have this responsibility for various reasons. However, there is an agreement that these have not been properly managed so far, which is why the relationships are not as good as they ought to be as earlier shown above under the analyse of the theme 'stakeholder relationships'. The difference in opinion has not followed a certain pattern as company representatives have disagreed with each other on who should manage these relationships, even as same applies to the community representatives and experts. However, the government enjoyed the support of interviewees across categories as expected to be leading the other stakeholders in managing these relationships, especially through the execution of its duties both as decision maker and enforcer.

7.3.1.4 Reaction to Stakeholder Relations

This theme also came out of the data in vitro, as participants were asked about the relationships between stakeholders and how the people responded to such relationships when perceived to be either good or bad.

The communities are deemed to resort to violence:

"I have worked with close to 20 communities spanning from Delta, Bayelsa, Rivers and Akwa Ibom States... And now some communities have decided to take the laws into their hands. And there has been a lot of sabotaging of operations, kidnappings and all that" (NGO01).

*"What is happening is a reaction to the oil companies' behaviour, standard behaviour. I know they say **actions and reactions are equal and opposite**. I prefer John Kennedy's way of putting it that when ideas are denied, natural expression will become unnaturally explosive. **The Niger Delta is exploding; we are even facing imminent extinction today**"* (NGO-EXPERT01).

The first respondent (NGO01) starts off by establishing her credibility to discuss the topic because of her working experience across communities in the industry (*I have worked with close to 20 communities*). It is claimed that the host communities would not ordinarily undertake the steps they have taken to get their requests met but it seems they have been forced into the corner leaving them with no choice (*now some communities have decided*). This is deemed as being responsible for some of the vices witnessed in the industry in recent times, which are numerous but the respondent mentions just two specifically (*sabotaging of operations, kidnappings and all that*). The second respondent (NGO-EXPERT01) agrees that the reactions from host communities have not been calm by painting a picture of a disaster zone (*The Niger Delta is exploding*) which he deems as a direct consequence of the oil companies' actions (*actions and reactions are equal and opposite*). This is further justified with a quote that regards such as the natural order of things that cannot be avoided if things are not properly done in any environment and could have very dire consequences (*imminent extinction*). It is important to note that this interviewee was physically shaking with a certain level of anger when expressing these views, which seemed to portray how seriously he regarded the discourse as being important and urgent.

The oil companies are blamed for negative reactions by host communities:

“Rather they prefer bringing in army, police men and full the whole terminal so that the youths might not have opportunity of protesting...”
(AKSMOBIL02).

“That is why they normally see all these blocking of the road, community people are blocking today or are blocking tomorrow because they have not

given us access to tell them our problem, and they **have not given us access** to tell them our problem like what I told you” (AKSMOBIL03).

“We believe they need violence so that everything will be returned back to normal... If you don’t use force, the way I’m looking at it is that the company is being trained on the people that will be sent out will be very stubborn, so if you don’t apply force, you cannot get really what you want. I realised that most of the time if you want to get something, we’ll just do like there will be a kind of serious problem with the company between the community. **They’ll call you and they’ll do something**” (AKSMOBIL05).

The views here are those of representatives from the Exxon-Mobil operating area, all of whom indicated that they resort to violence in expressing their displeasure about bad stakeholder relationships in their area because of the oil company’s approach. The first respondent (AKSMOBIL02) states that the company has options to sort out whatever issues that arise in their relationship with each other but always chooses to be forceful by using the military apparatus of the state (*Rather they prefer bringing in army, police men*). Nevertheless, there seems to be a justification for the actions of the company as the respondent claims that they do so in order to stop the members of the communities to express themselves (*might not have opportunity of protesting*). The second respondent (AKSMOBIL03) agrees that the communities do undertake to force their requests on the oil companies but attributes that to the former lacking the opportunity to express their grievances through dialogue (*have not given us access*) which is further emphasized with the use of rhetoric. Such negative reactions have become so frequent that they are now seen as something the people have to live with as a part of life (*normally see all these blocking of the road*). The third respondent (AKSMOBIL05) claims to be

speaking the mind of the people while insisting that violence seems to be the only language that the oil companies understand (*We believe they need violence*) because they are quick to respond once things get violent (*They'll call you and they'll do something*). The use of normal alongside violence does not seem to be right as they have opposite meanings to each other, while on the other hand it would mean that the relationship between these stakeholders have not always been bad otherwise normal would not be the right phrase to use.

Also, the host communities and the government are attributed as also contributing:

*"When the community leadership decides to be **frugal with information**, communities will rise against the leaders which will impact on the oil companies operating around the area...It is only when what they feel they will get peacefully, the oil company is not bound in that territory the people become chaotic, altercations may erupt; people start to block here, block here and yet it is still the oil company that still comes back to do it for them"* (BYSPDC01).

*"And they started saying we need this we need that but the oil companies and their policies as at then did not give room for that and they did not get what they were asking for; and the **federal government wasn't helping matters**. At that point the relationship now went to its lowest ebb, that's when we now saw agitations here and there, vandalism, work shortages and all the rest, because some persons have been **short changing the communities**"* (BYSPDC02).

These community representatives from the SPDC operating area indicate that the people in their area also react to bad stakeholder relationships with violence, but in this case they do not blame the companies for such. The first respondent (BYSPDC01) argues that the companies sometimes are just victims of the clash between youths and community leaders as a result of the latter's

lapses in managing information (*frugal with information*). Also, it is claimed that the people at times initiate these crisis without any provocation as a way of getting the attention of the oil companies. The second respondent (BYSPDC02) agrees to the use of violence but argues that if the government had intervened when the relationships started to deteriorate then possibly there would be an avoidance of the situation in the industry today (*federal government wasn't helping matters*). There is also a reference to the people being taken advantage of (*short changing the communities*), which seems to refer to the leaders of these communities as the previous respondent had noted earlier.

Another respondent claims the reactions have changed from negative to positive:

*"The youths also present their matters to us instead of going to the state. And **they are no longer taking the guns** and the arms any more again because the belief is that our brothers are now handling the affairs on behalf of the communities for us. And so we have to now submit our progress report, so they channel their problems to us, so the tendency of going to sea and disrupting operations at that time was high, but at this moment it is a bit minimal. **Not that it is not there, but it is far reduced**" (CHEVRON01).*

This respondent agrees that the views about negative reactions to express displeasure are true but adds that these have changed in recent times (*they are no longer taking the guns*). However, there is a caution to state that this does not mean the total eradication of instability and negative reactions to unpleasant actions and attitudes, but it signals minimisation of these (*Not that it is not there, but it is far reduced*). This implies that while there is still violence in this area,

the youths do not rely so much on such to achieve their goals because of the medium they have to express themselves.

Other respondents agree that the situation has changed:

*“We normally **come together from time to time to discuss** our problems so that it will not escalate, because when you allow a situation where you create a gap between the ruled and the ruler definitely there will be a breakdown...The youths in the community had to strike and that was in 1993. So at that stage, the awareness came and they decided to strike, it was after that strike that **the company started looking into their matters properly**”* (RVSTOTAL02).

*“If the Egi man needed this thing, he will be thinking staging riot and all those things with demonstration will be the best approach but Elf has also told us and **they have also made it so possible** that they do not need your demonstration”* (RVSTOTAL01).

*“**And as it is now**, they are ready in anything that happens, no matter the violence that is happening in the country today, Total as a company operating in our area is **ready to dialogue in any situation**. They are ready to look into the community's problems, both individually, cooperatively; Total is ready. I will also suggest that any opinion should also try to advice the youths to calm down in anything that is raising their anger high so that the **company too can have a listening ear**”* (RVSTOTAL03).

The views above from community representatives in the Total E&P operating area indicate that the people in their area formerly reacted to bad stakeholder relationships with protests, but have changed their attitude because of the company's openness. The first respondent (RVSTOTAL02) states that the relationship between the stakeholders was bad initially leading to a demonstration in 1993, after which the company was forced to change its attitude (*the company started looking into their matters properly*). It is also argued that periodic engagement between stakeholders has helped to keep the

relationship stable, making it unnecessary for the host communities to resort to violence again (*come together from time to time to discuss*). The second respondent (RVSTOTAL01) adds that the attitude of the host communities have also changed over time as a result of the company's change of attitude (*they have also made it so possible*). This could be seen as the company taking the initiative in ensuring that differences are settled amicably without any violence, though the reference to the 1993 demonstration seems to imply that they were forced to take the route of dialogue to peace. The last respondent (RVSTOTAL03) starts by giving the discourse a context within a time span that indicates that the views being presented are recent ones (*And as it is now*). Also, the respondent credits the company for playing a big role in ensuring that they create the environment that makes it possible for the people to express themselves (*ready to dialogue in any situation*); which leads to the plea for the people to give the company a chance to play its part (*company too can have a listening ear*). This implies that despite the supposed peace in the area, sometimes the people get provoked and do not attempt to follow the channels provided by the company for the expression of displeasure. These views expressed above tend to emphasize that these scenarios of good or bad relationships are developed over time and not just acquired from somewhere suddenly, as can be seen that actions and inactions of stakeholders have resulted in the current situations.

The analysis above shows that the reactions and responses of host communities to bad stakeholder relationships across the region vary presently, though they have all resorted to violence at some point in their relationships

with the oil companies in their different areas. However, the people from SPDC and Exxon-Mobil operating areas have indicated that they are willing to be violent again if the companies in their areas do not change, while the people from the Total area show some preference for the peace they have now to remain. These views from the respondents are reflective of those gathered from the survey data analysed earlier, where there was a similar split of opinions. These could be attributed to the kind of relationships presently existing between these stakeholders in their various areas of operation.

7.3.1.5 Communication

The level of communication between stakeholders is deemed important as it is the medium through which they exchange views and opinions about each other's activities.

The respondents from Exxon-Mobil operating areas regard it as being poor:

*"The level of communication my dear is **nothing to write home about...**" (AKSMOBIL02).*

*"As I am talking to you, **I am a Youth President of all Presidents...** That is why **they normally see** all these blocking of the road, community people are blocking today or are blocking tomorrow because **they have not given us access** to tell them our problem, and **they have not given us access** to tell them our problem like what I told you" (AKSMOBIL03).*

These community members argue that the communication is very bad, with the first respondent (AKSMOBIL02) emphasizing the point with (*nothing to write home about*) in a bid to paint a picture of a non-existent communication channel between these stakeholders. This might not be entirely true considering that the company prints different publicity materials about their activities, especially in

terms of CSR activities but the interviewee might be taking this position because the communities are deemed not to contribute. The second respondent (AKSMOBIL03) starts off by making it clear that he was well placed and informed to discuss the issue, which should also grant him access normally (*I am a Youth President of all Presidents*). The instability and protests in the area which are attributed to the people not having the medium to express their grievances to the company are said to be frequent and visible enough (*they normally see*). This lack of access is further emphasized by the respondent by the use of rhetoric (*they have not given us access*).

*“On a scale of 10, I can give seven. There is **room for improvement**”* (EXXON-MOBILREP).

The Exxon-Mobil representative here presents communication between the company and its stakeholders as being above average, while admitting that they are not yet at a perfect point (*room for improvement*), though this response is a bit vague as it does not give any explanations of the kind of improvements needed. On the other hand, it can be seen as the company being honest with itself that it has not done as well as it expected to do nor meeting the expectations of the people.

The respondents from the SPDC operating area take a different view:

*“When the community leadership decides to be **frugal with** information, communities will rise against the leaders which will impact on the oil companies operating around the area... communication is very bad, it is poor; that is another area, when not properly managed is...”* (BYSPDC01).

*“Yes one of the failures of the Gbarain/Ubie integrated oil and gas project is in the area of communication. So **that ignorance on the part** of the youths in the community led to some issues. And again the leaders, **they want to***

***manipulate** some information to their favour or their relative to the detriment of the entire community that also gives problem in the community” (BYSPDC02).*

These community members agree that there is low communication but do not entirely blame the oil companies for the lack of communication between the stakeholders here, with the first respondent (BYSPDC01) describing the way that community leaders manage information that is meant for the people (*frugal with*). The use of this clause should be seen as good but it is used in a negative sense, meaning that the community leaders hoard the information meant for the people thereby reducing community participation. The second respondent (BYSPDC02) agrees with the wrong management of information by community leaders (*they want to manipulate*) but also blames the youths for acting without enough information (*that ignorance on the part*), all leading to the crisis in the area. The focus here is on intra-community communication channels, showing that the oil companies may be willing to interact and engage with the people but will not be able to do so if these communities do not create the platform for such.

*“Communication is **linear and simple with focal points** / authorised contact persons for communication management” (SPDCREP).*

The SPDC representative tends to agree with the views of the community members absolving the company of any blame (*linear and simple with focal points*) which also gives the indication of a one-way passage of information from the company to the people, without the latter expressing themselves. There is an agreement between the community representatives and the company representative on their communication being bad, though the former identified the causes while the latter does not explain further.

On the other hand, communication is viewed differently in the Total operating area:

*“Let me tell you as you are now, if you say you want to see the head of community relations here (pointing to the direction of the site) or head of security or the site manager, I will just carry you in this..., **it does not take any protocol**...If you want to see the general manager of Elf if you go to Elf and pass the gate, you just need to have their ID card or you call somebody inside to give you a tag” (RVSTOTAL01).*

*“Emmm, it is because **they are listening to us** and **providing** some of our needs...Hmmm, communication...” (RVSTOTAL02).*

The representatives from the Total communities regard the communication between stakeholders in their area as being very good, with the first respondent (RVSTOTAL01) gesticulating as a way of expressing how easy it is to gain access to the company (*it does not take any protocol*). This is personalised giving the tone of someone that is speaking out of a previous experience (*Let me tell you*). The second respondent (RVSTOTAL02) agrees with the view that communication between them is very good by attributing this to the company giving them an opportunity to express themselves (*they are listening to us*) and responding to such demands made interviewee uses (*providing*). This also serves as a description of the kind of communication between them, which is presented as being a two-way one as the company pays attention to what the communities have to say but also acts on what is said.

*“Information and Communication process with Government and Communities is ok. There are **established channels** for information at annual, quarterly and others as need arises. These are for regulation / monitoring by Government and for communication / **monitoring by Communities**” (TOTALREP).*

The Total representative confirms that the communication between the stakeholders is good, hinting that there are processes in place that have enhanced this (*established channels*) which are done periodically. Also, the host communities are said to be involved at a very high level, one that even seems to place them at par with government in terms of the latter's regulatory duties (*monitoring by Communities*). It is interesting to see the agreement between the views of the oil company and the communities in this area.

The analysis above shows that the communication level between stakeholders in the industry affects and is affected by the relationship between these stakeholders, as reflected by the communication present in the Exxon-Mobil and Total operating areas. The views from the Exxon-Mobil area indicate that the communication is bad, because the host communities do not have access to express themselves, while the Total communities enjoy a good relationship because of the interaction that goes on between the stakeholders. *Listening and providing* are seen as being crucial to the good relationship between the stakeholders in the latter's area, because so long as the host communities perceive that they are being listened to and actions following then they will remain calm and cooperate with the oil companies. On the other hand, community leaders have been purported to manipulate information meant for the good of the community for their personal benefits and interests even to the detriment of the communities. The overall impact of this on the relationship is that it could delay or disrupt projects embarked upon, as hinted above by BYSPDC02 about the Gbarain/Ubie integrated oil and gas project by SPDC in Bayelsa State. This establishes a relationship between communication between

stakeholders and the kind of relationship that exists amongst them, which leads to the discourse of the theme of engagement next.

<u>The Nature of Stakeholder Relationships in this Context</u>		
<u>Sub-theme</u>	<u>Evidence from Data</u>	<u>Indication About Context</u>
Stakeholders	These are identified based on their roles, impact, involvement and proximity to the operations in the industry. There were variations on the most important stakeholder, as some regarded everyone to be important enough that none could be deemed as the most important. Others mentioned each of the major stakeholders, based on their roles and contributions to activities in the industry.	The identification of stakeholders in this context is done in terms of the group's relationship with the industry and not the firm as previously presented by literature. This further means any group deemed a stakeholder must have something they contribute to the working of the industry.
Stakeholder Relationships	Some respondents deemed the nature of Stakeholder Relationships in their areas within the region as being good, while others regarded them as being bad. A few others presented these relationships as being dynamic, sometimes good and at other times bad.	The data shows that one may be wrong to draw a general conclusion on the nature of these relationships across the region as being either good or bad. This is considering the variable responses from the different states.
Management of Stakeholder Relationships	The three major stakeholders are regarded as responsible for this, based on different reasons such as the oil companies' control of the requisite resources and expertise. Also, the government is deemed as the biggest JV partner and regulator, which makes it responsible for this. The NGOs are also seen as supporting these other stakeholders in managing these relationships. On the other hand, the government was repeatedly referred to as failing in its responsibilities of ensuring these relationships are cordial.	The major stakeholders all have responsibilities for making their relationships work, but the oil companies and government are seen as being better placed and equipped to manage these. Also, they are the highest beneficiaries of working Stakeholder Relationships in the region. The effectiveness of the government is influential in deciding the nature of Stakeholder Relationships in the region.
Reaction to Stakeholder Relationships Management	The host communities are mostly claimed to react negatively through violence, demonstrations and protests, with the oil companies and the government said to contribute to this too. This is deemed to be exhibited in their release of military personnel to engage	All over the region, the people have reacted to bad Stakeholder Relationships by protests, demonstrations and even violence at some point. This was done by the people because that is the only way they think they are

	community members expressing their displeasure at how they have been managed. Others argue that this has changed over time, depending on the access given to the host communities to express themselves by the oil companies.	taken seriously by the government and the oil companies. However, with better access to the oil companies as well as the various GMOUs and MOUs in place, they are resorting less to violence.
Communication	The stakeholders are said to have a communication that is not very good in some areas, even within host communities between the leaders and the people. This is attributed to the personal interests of the leaders in these communities, which they strive to protect. In other areas, communication is deemed to be two-way as both the host communities and the oil companies are able to express themselves to each other on issues.	The level of communication that exists amongst stakeholders in different parts of the region has an impact on the nature of their relationships. This is because it is linked to the level of access that they have to each other, which determines if they choose to cooperate or confront other stakeholders as they act based on the information at their disposal.

Table 7.2: Summary of the Nature of Stakeholder Relationships in this Context Findings

7.3.2 The Importance of Agreements and Negotiations

The focus in this subsection is on the themes reflecting how agreements and the negotiations leading to them are deemed to be important in the management of stakeholder relationships in the industry. This starts with an analysis of the contracts or agreements theme.

7.3.2.1 Contracts or Agreements

The question asked here was meant to find out if there was any agreement or contract entered into by the stakeholders before the commencement of oil exploration in the industry. These could be written as in legal documents or unwritten as reflected by the social contract theorists earlier reviewed in Chapter IV, but they are deemed to impact relationships between stakeholders.

The respondents from the Exxon-Mobil operating area respond thus:

*“Well, there was what we call Memorandum of Understanding (MOU) and then that MOU was honoured when we were in Mobil Nigeria. Now that we have merged to Exxon-Mobil, they **have not honoured** those MOUs, that Memorandum of Understanding **has not been honoured** by Exxon-Mobil because even if the memorandum has been honoured, some things that happen could not be happening...”* (AKSMOBIL01).

*“If I may say agreement **there is nothing like** agreement, why I am saying **there is nothing like** agreement is that Mobil is **supposed to have** what we call the Memorandum of Understanding (MOU) with the host community... that is why if anything comes in they share it the way they share it anyhow because there’s nothing like a formula, in using a **sharing formula**. Yet still we don’t still have it, the understanding or MOU with them and they still operate here , the MOU that is existing now is between the state and Mobil, not Mobil and the host community...I don’t think they kept to it, because based on the MOU of the state government, the percentage of the host community which is Ibeno was 30% and I hear that they didn’t do about that 30%, they are doing **based on what they feel** that fits them that they feel that is basic, that is what they are doing”* (AKSMOBIL03).

The first respondent (AKSMOBIL01) gives an indication of an agreement being in existence previously, though this seemed not to have been given much regard by the people (*Well, there was what we call*) because of the company not honouring its terms (*has not been honoured*). This is deemed to be responsible for the different happenings in the industry, implying that the implementation of these agreements can result in good stakeholder relationships. The second respondent (AKSMOBIL03) focuses on the present situation in the area by stating the non-existence of any agreement between stakeholders with a rhetoric (*there is nothing like*) which the people have an expectation about (*supposed to have*). This is deemed to be influential in deciding the distribution of resources amongst stakeholders in the industry. On

the other hand, there is a variation against his earlier view that the idea of an agreement is strange as he admits that there is an agreement between the government and the oil company which has not been honoured as it should and the reason is given (*based on what they feel*). The use of this clause to explain the company's approach to honouring these agreements even the MOU they have with the government indicates that the latter does not make any effort to demand compliance with the terms of such agreements.

*"No, but in 1998, the company signed a Memorandum of Understanding (MoU) with the community. Currently, the Company, Akwa Ibom State Government and the 4 neighbouring Communities to our operations are reviewing the 1998 MoU **with a view to producing a workable**, more relevant and sustainable document, properly spelling out roles and responsibilities of all parties concerned. The 1998 MoU was essentially a one sided document reeling out obligations for company without any for the community. Company has **complied substantially** with the provisions through its Corporate Social responsibility window. Sanctity of contracts entered into go a long way in ensuring **continuity of joint venture projects**" (EXXON-MOBILREP).*

The company representative states that there was no earlier agreement with the people until the signing of an MOU involving the three major stakeholders which is due for review. There is a hint that this agreement has become due for review because it is not deemed to be good enough, especially in terms of its applicability (*with a view to producing a workable*). The company does not seem to disagree with the view that it has not honoured the terms of the agreement (*complied substantially*) while there is a hint that such compliance is aimed at the protection of the company's interests (*continuity of joint venture projects*). It is interesting that fourteen years later, this company was yet to review its first MOU with the other stakeholders in its area of operation while other areas do

such reviews between three to five years. This could explain why host communities regard their relationship with each other to be the way they do, as it seems there is no regard for the people's well being so long as their operations are not disrupted.

The respondents from the SPDC operating area talk about the GMOU thus:

*"The agreement is such that while the oil companies provide such money for the development of the communities, the communities also have to maintain peace amongst themselves as well as to secure the safety of the oil companies that is possible with the agreement...So for the 5 or so years of agreement operation we have been experiencing certain things that are **not very much in tandem** with the spirit of the document; host communities disobey some clauses, the oil companies disobey some clauses and when such occurs it is **bound to be chaotic**...Like we said, it **is not a legal document** that can be used; you cannot take it to court....So if the GMOU becomes a **practical successful working tool**, we'll have a cordial, fruitful and working relationship with each other"* (BYSPDC01).

*"Generally, we talk about the GMoU agreement which the communities, the oil companies and the government entered into before the commencement of any major project in the oil industry. For instance let's say **the Gbarain/Ubie project**, is an example where the GMoU implemented before the advent of the project...the GMOU was for four years but with a clause that it can be reviewed when the need arises and it was actually done. There was no agreement now, between communities and oil companies **before this time**. Just like we said it was between government and the oil companies, the communities just welcomed the oil companies as they came, we were very friendly"* (BYSPDC02).

The first respondent (BYSPDC01) explains that each stakeholder has its obligations to fulfil in the GMOU, noting that all stakeholders have faulted at various points in time with regards to the terms of the agreement (*not very much in tandem*). This implies that the stakeholders have complied but not as much

as expected leading to the instability in the area (*bound to be chaotic*) even as the agreement is not deemed to be working at its full potential in making these relationships better (*practical successful working tool*). The reference to the agreement's lack of recognition before the law as a binding document could be seen as explaining why there are issues with its implementation, as the stakeholders know that they cannot be forced by a court of law to comply with it (*not a legal document*). The second respondent (BYSPDC02) gives an example of where the GMOU has been implemented and reviewed promptly, noting that it is mainly used for major projects (*the Gbarain/Ubie project*). There is a further support for the view that prior to the GMOU there was no agreement involving all three major stakeholders, with the host communities previously left out of any such agreements (*before this time*).

*"There was an agreement with government for our company to commence business in Nigeria and government is a partner in the business with majority shares, but for every operation in the communities, an understanding is reached and signed off...**To a very large extent**, YES... The value of the GMoU is tied to oil / gas production in the area. Agreed sums are paid into a joint account (COMPANY AND COMMUNITY) periodically for **already identified felt need** that are implemented by the communities"* (SPDCREP).

The SPDC representative agreed that the only agreement before the GMOU was the one leading to the granting of oil prospecting license to the company, while hinting that the company has not been totally compliant with the terms of the agreements with host communities (*to a very large extent*). There is an indication of the consultation that takes place where different areas of need in the communities are pointed out and funds allocated to such as part of the agreement (*already identified felt need*). There is a contradiction here with the

earlier view of the Exxon-Mobil representative who stated their own MOU with their communities as terms favourable only to the communities.

Another respondent posits that the GMOU was initiated by the government:

*“**Government decided** let us foster community under the umbrella of GMOU. Previously individual communities were dealing directly with the company which was resulting to a lot of hostilities because the individual demands varied. And when the Global Memorandum of Understanding (GMOU) is signed, the concept of community dealing directly with the company is no longer feasible. It has a duration of three years, then you sign again maybe adjust the terms of the GMOU to reflect the current situation, then another three years again you come back...So that is that, going by the GMOU definitely **the process is working** and we are **still expecting more**, we cannot say the process is not working, **the process is working**” (CHEVRON01).*

This community representative from the Chevron operating area presents the GMOU in the area as a government initiative, which does not seem to be the views of other interviewees across the region (*Government decided*). The impact of the agreement on the host communities is emphasized by the use of rhetoric (*the process is working*) though there is an indication that it is not a perfect system, meaning it still has some potential to yield more benefits for the stakeholders (*still expecting more*).

The respondents from the Total operating area talk about their MOU thus:

*“So **we normally** take four years for us to go in for it and renew the MOU...I would not say there was any proper agreement that was why at a stage the community, the youths in the community had to strike and that was in 1993. I must tell you from the very beginning there was **no concrete agreement**...So on the part of the community; we are keeping to whatever agreement, I can say 100percent. They should keep to them 100percent, **it is not just writing MOUs** but keeping to the MOUs, it is very very important” (RVSTOTAL02).*

*“But today, the local contractors on their own way, we want them to stand by the MOUs, soft contract this way, that way. What **I believe** is that, if actually the MOU is **basically implemented** and our contract is doing very well with the Total E&P, **I believe** that most of **our complains will be solved**”* (RVSTOTAL04).

The first respondent (RVSTOTAL02) states that they are highly involved in the renewal of their agreement with the company, which is presented as a consistent practice (*we normally*), noting however that the MOU was a product of a protest in 1993 as there was no previous one. The respondent tends to provide a contradictory view that suggests that there was an agreement earlier though it might not have been very effective (*no concrete agreement*), while making it clear that agreement should not be entered into for rhetoric or publicity sake (*it is not just writing MOUs*). The second respondent (RVSTOTAL04) hints that the implementation level of the MOU is very low, because if they were done properly then there would be fewer issues in the area (*basically implemented*). It is also argued that these agreements are instrumental to the resolution of the crisis in the area (*our complains will be solved*) though the respondent does not seem very convinced that there is any guarantee in such happening (*I believe*).

*“There is always an agreement between TEPNG and host communities before entry into the communities. These agreements are made with Family landlords and host communities. **Parties have kept agreements over the years**. This is achieved through respect of the terms specified in agreements, and through term reviews as events and company operations change. In the case of TEPNG we have MoU. The MoU agreement with Families / Communities have tenure; is renewal; have a dedicated fund for development; have an M & E , Compliance Committee consisting of nominees from Company and Communities; **projects are nominated** by Communities; projects are executed through public contracting by TEPNG, with respect to Local content where*

feasible. This is how the MoU process work in TEPNG relationship with Communities” (TOTALREP).

The Total representative regards respect of the terms and periodic reviews as being the keys to the success of the MOUs they have with the host communities, indicating that the host communities are involved in the decision making process (*projects are nominated*). However, there is a slight variation with the views of the community representatives on honouring of the agreement terms, as it is claimed that the stakeholders in the area all comply (*parties have kept agreements over the years*). This variation could be seen as connotative of the different expectations of these stakeholders to protect their various interests with regards to their interactions with each other.

The MOUs and GMOUs are said to work in the interests of the oil companies:

*“But specifically there was no real agreement to say these are the things we are going to do for the communities, **except in terms of acquisition of land** when the people were even undervalued. Well GMOU as far as I know is a partnership that the oil companies are **using to get their license to operate** and it is stocked out... It is just for their immediate need so that they can now go ahead with their production activities and as soon as they leave what is on ground” (EXPERT01).*

*“These were introduced as **a way of ensuring** that there is a good stakeholder relationship between the community and at least the oil company. The government is not involved in this, but government respects the MoUs that **they are legal so to say**. And in these MoU's, the communities are **supposed to identify** development projects that they want the oil companies they host to carry out probably within a space of a year or two years... Some MoUs are renewed every year, two years, three years, as agreed by the parties” (NGO01).*

The experts and NGO representatives regard the MOUs and GMOUs to be

good and working to some extent, but view these to be aimed at mainly protecting the interests of the oil companies. The first respondent (EXPERT01) agrees with the above views that at the beginning there was no concrete agreement and the reason why this claim is made is based on the previous agreements not being holistic but limited to just the acquisition of land for operations (*except in terms of acquisition of land*). There is a claim that despite the contributions the oil companies might be making to the host communities through the new agreements (MOUs and GMOUs), all of such is aimed at keeping oil production stable and not really because they are interested in the area (*using to get their license to operate*). The second respondent (NGO01) agrees that these agreements are used as stabilizers of stakeholder relationships (*a way of ensuring*), while hinting that these agreements might not be involving the host communities as expected (*supposed to identify*). There is also a variation with regards to the view presented earlier about the legality of these documents, with this respondent noting that they are recognised as legal documents even by the government, though this is not said with conviction (*they are legal so to say*). This view of legality is contrary to that of a community representative from the SPDC operating area who argued that the document is not recognised by law, based on his interactions with a lawyer.

The analysis presented above show that there were only agreements between the oil companies and the government at the beginning of activities in the industry leading to the granting of oil licenses, with the host communities not involved in any way. The present MOUs and GMOUs in place were brought in as a way of improving the relationships between the stakeholders in the

industry, especially the host communities and the oil companies. All three major stakeholders have been credited with leading the process that resulted in these agreements, government (Chevron area), host communities (Total area) and the oil companies (SPDC area). There are different views as to how it has been implemented by the different stakeholders, but there is a majority agreement across all groups that it is instrumental that all parties honour these agreements as such affects the relationships they have with each other. The argument of the legality of these documents could also be responsible for how the stakeholders handle it, because if they are certain that it cannot be admitted in a court of law as being legally binding then they are more likely to flout it.

7.3.2.2 Engagement

This theme is linked to that of communication discussed above which enhances this particular theme, as it involves exchanges between stakeholders. It is meant to be a way of interacting and getting stakeholders involved in what the firm is doing, which is deemed to be a way of improving these relationships between the stakeholders which and this is done via communication.

*“So businesses do not see the importance of understanding and engaging in a **very structured manner** to stakeholders rather there is **a lot of ad hoc** response to issues, **a lot of ad hoc** settlement of challenges; some of the most that you might not be very proud of... So any oil company that operates in that local community must have regular stakeholder dialogue sessions, must have regular engagement programs. The more you make it, **the more stakeholder dialogue sessions, the better** it is for everybody to have a shared understanding of the truth” (EXPERT02).*

*“People **don’t participate unless they are engaged** so when you do that the people are involved. Whether its participation or engagement, the main thing is*

*that people are involved. People concerned are actively involved. **That is just the key***" (NGO01).

*"And I think if the oil companies will go back to the drawing table, by way of stakeholder engagement and ensure that they do proper stakeholder deliberation **that will help to solve the problem**"* (NGO-EXPERT02).

The views above are expressed by the experts and NGO representatives who do not think the people are properly engaged at the moment. The first respondent (EXPERT02) regards what the oil companies are currently doing in the name of engagement as being reactionary, which is emphasized by the use of rhetoric (*a lot of ad hoc*). This is attributed to a lack of recognition of the significance of a proactive approach to engagement with the people (*a very structured manner*), which must be done frequently as it results in better appreciation of each other's needs and expectations (*the more stakeholder dialogue sessions, the better*). This implies that while such sessions help these companies to know more about what their stakeholders want, they also get to express their expectations of these stakeholders in line with Freeman's (1984) four-step stakeholder management process which involves such interactions.

The second respondent (NGO01) gives a hint to the likely reason for the supposed low participation of host communities as earlier discussed with reference to a connection between engagement and participation (*don't participate unless they are engaged*). This must be done with those deemed to possess interest in the industry as well as influence, as that is seen as crucial to the working of everything else (*That is just the key*). To further underline that such engagement is lacking, the third respondent (NGO-EXPERT02) argues that only such proper, proactive engagement is the panacea to the challenges

and problems in the industry (*that will help to solve the problem*). The reference to this in relation to being a solution to the issues in the region indicates that these experts who have been involved in facilitating these engagements on behalf of the oil companies do not regard the processes in place as good enough. These views which are informed ones can be seen as an indictment on the various stakeholders, especially the oil companies, for what they have referred to as engagement in the past; as they regard this to be a solution to the improvement of stakeholder relationships.

7.3.2.3 Negotiations

This theme came out of the data inductively as part of the discussion about the agreements between stakeholders; though it was not originally in the list of themes made up by the researcher from the literature reviewed and is seen as a reflection of how participatory the process is.

These respondents regard negotiations differently:

“...no matter the amount of negotiations” (AKSMOBIL02).

*“...yeah we asked..., were they part of the conceptualization of the GMUO process? They said no. Are you satisfied with what you signed? They said **they were not satisfied** but theirs have been a **story of neglect**; they have been neglected over the years so they just saw this as an opportunity that will give them one or two things through that support so they just embraced it”* (BYSPDC01).

The views above are from community representatives who have varying views about the negotiating process involved in the agreements between stakeholders in the industry. The first respondent (AKSMOBIL02) expresses the view that negotiations between stakeholders are irrelevant because the company

operating in their area would usually do exactly what it wants to do regardless of the communities' views (*no matter the amount of negotiations*). This emphasizes the importance of implementing whatever is agreed during negotiation sessions, as it would not be enough to just have these sessions if decisions are not executed. The second respondent (BYSPDC01) shows that the communities do not always get what they want during negotiation processes but would end up taking whatever they are offered because they lack options (*they were not satisfied*). This is emphasized with an example of a community that had been previously isolated by both the oil companies and the government (*story of neglect*); forcing them to jump at the slightest chance they have thereby limiting how much they can critically analyze what they are being offered. Both views indicate that negotiations are not properly done; while in cases where they are done the people do not have faith in the willingness of the oil companies to implement the outcomes of such negotiations.

These respondents discuss the role of host communities in negotiations:

*“That they need to use **people that are capable** of negotiating for them and not people who just go there and see one naira and they take home, and at the end of the day they will cry for justice” (EXPERT01).*

*“The way it is also, because of the politics too, the youth leadership is not stable, the CDC is not stable; the council of chiefs, they can dethrone a chief or suspend him, things like that. So when the **leadership of a community is not stable**, it means a new leadership can come tomorrow and say they have issues with the GMoU and you have to start negotiating all over again” (NGO01).*

The views above from the experts and NGO representatives focus on the communities and their roles in the negotiation processes, as with the first

respondent (EXPERT01) states the need for quality representation of these communities in the negotiation sessions (*people that are capable*). This means that the communities might be represented at negotiating sessions but not be rightly represented because those they send are just interested in their personal interests, rather than the community interests. The second respondent (NGO01) explains the need for the right atmosphere or conducive environment for negotiations amongst stakeholders to be place, as instability within communities affect such processes (*leadership of a community is not stable*). These views reflect the capacity of the communities when they get involved in negotiations with other stakeholders, because they cannot get their needs met without being united and capable enough to engage in the process.

The above analysis shows that in addition to the theme of engagement discussed earlier, the negotiating processes that lead to agreements between stakeholders are instrumental to how those agreements are implemented. The capacity and ability of the host communities to be properly represented in these sessions are underlined as being crucial to how much the oil companies would act on the outcomes of such negotiations. In addition, for these negotiations to have any impact they must be binding on all parties involved in the process as these affect their relationships with each other in the long run. The level of negotiations that take place within these relationships could be responsible for the supposed failure of the MoUs and GMoUs in certain areas, as the host communities there do not see such documents as theirs but those of the oil companies.

7.3.2.4 Trust

This theme presents the thoughts of participants when it comes to the trust existing in relationships between stakeholders in the industry.

A respondent regards trust as being too important to be ignored:

*“That is **the basic**, when you **hide the things** I’m supposed to know and I get it from elsewhere, I mean it reduces the concept of trust” (BYSPDC01).*

This respondent regards this to be decisive when it comes to the relationships between stakeholders (*the basic*) noting that it can be affected by how open the stakeholders can be with themselves as they relate with each other (*hide the things*). This can be linked to the previous discourse of communication between the stakeholders which was concerned with sharing of information as well as the process of such information sharing.

Some respondents regard trust between the stakeholders to be non-existent:

*“There is no trust **whatsoever**, there is no trust. Anybody telling you that there is a trust in between is telling you lies, **bunch of lies**” (AKSMOBIL02).*

*“There is no trust, if there is no cordial relationship between you and the next person, there is no trust; there is no way you are **building your trust** in the person” (AKSMOBIL03).*

*“Communities **don’t trust** their leaders and because they **don’t trust** their leaders, the communities are also accusing the oil companies of conniving with their leaders” (BYSPDC02).*

*“It is one that is full of suspicion, deprivation, fraud and lack of trust...So you see that there is no trust anymore. The communities don’t trust the oil companies, they don’t trust the government. And now some communities have **decided to take the laws into their hands**. And there has been a lot of sabotaging of operations, kidnappings and all that” (NGO01).*

The first respondent (AKSMOBIL02) emphasizes that the trust between the

stakeholders is non-existent with the use of an extreme case formulation (*whatsoever*) further stating that any attempt to say otherwise would be reflecting the height of dishonesty (*bunch of lies*). The second respondent (AKSMOBIL03) agrees by hinting at a connection between relationship and trust with the later depending on the nature of the former, while also indicating that efforts have to be made to get it right (*building your trust*). The third respondent (BYSPDC02) regards the lack of trust to begin within communities between community leaders and their people and then affecting the companies, as this point is made with the use of rhetoric (*don't trust*). The last respondent (NGO01) agrees with the link between trust and stakeholder relationships, by attributing that the lack of trust is responsible for the violent actions of the host communities (*decided to take the laws into their hands*). This means if they trusted the other stakeholders, there would be no need to apply force in getting the needs met in their relationships with each other. The views expressed here indicate that trust is not established overnight; it has to be earned and built by the stakeholders involved, while realising that it impacts on relationships between the stakeholders as well as being impacted by it.

However, another stakeholder disagrees with the views that trust is non-existent:

*"Hmmm, I will also say the trust is not total, **it is not complete**, you cannot say we are 100percent on it"* (RVSTOTAL02).

This community representative from the Total operating area insists that while the trust may not be total between the stakeholders, one cannot say it is non-existent (*it is not complete*), which implies that all stakeholders must continue to

work at maintaining the trust reposed in them by others with whom they relate. This is deemed interesting as it means that despite the good relationship between stakeholders in the Total operating area, the trust between them cannot be regarded as perfect yet which is attributed to the imperfections of human relationships.

It has been argued above as reflected by the analysis, that trust affects the relationships between stakeholders while at the same time is affected by the exchanges between these stakeholders. As a result, each stakeholder must make conscious effort to build such trust by engaging, negotiating and communicating with each other at every point in time. These different factors can be seen as affecting the relationships between stakeholders, while also affecting each other, so must be given the needed attention to enhance these relationships.

7.3.2.5 Host Community Participation

This theme came out of the data as the participants gave an indication that the discussion of stakeholder relationships cannot be complete without a discourse of the host communities' levels of participation in the industry.

Some respondents claim there is no participation at all:

*“Okay, in a department like Public Affairs, we know how Public Affairs department is operating, they are liaising between the community and the oil company, we in Ibeno **we don’t have anybody** that is representing us there. Anything like information on vacancy or employment **we don’t hear**, in anything **we don’t hear**, which that office is supposed to have a representative from our community that will tell us things...” (AKSMOBIL03).*

*“Like Public affairs, they have supposed to have relate direct to the community, **I think we supposed to have gotten somewhere now**, but over 10 people are working in Public Affairs and none of them are there that will tell us what is going on in Exxon-Mobil, **we don’t have anything**” (AKSMOBIL04).*

The representatives from the Exxon-Mobil operating area focus on a lack of representation in the department of the company that is responsible for liaising with the communities, with the first respondent (AKSMOBIL03) giving an example of their lack of representation in the company’s public affairs department (*we don’t have anybody*). This is deemed responsible for their lack of access to information from the company, which the respondent underlines with the use of rhetoric (*we don’t hear*). The second respondent (AKSMOBIL04) agrees that they lack representation in the above named department, using an extreme case formulation (*we don’t have anything*) which is deemed to be responsible for the slow rate of development in the area (*supposed to have gotten somewhere now*). However, there seems to be a note of uncertainty in the respondent’s position (*I think*), implying this claim of not having even a single representation in the department mentioned might be an exaggeration.

Other respondents give reasons for the lack of host communities’ participation:

*“...But unfortunately because they now know that these things will bring in droppings, small small funds to the community, most community leaders not all of them have decided to **block out the rest** of the society, the community and call in friends and relations and they are doing the thing as if it is their private thing and that is unfair” (BYSPDC01).*

*“Government has got the responsibility to ensure that the communities are **adequately represented** in any engagement not only in terms of the people but in terms of the communities understanding all the issues. It is one thing to have a few people, who will come and represent these communities at the dialogue*

sessions, but the few people **cannot even understand the operations** of the oil companies...” (EXPERT02).

“Well you see when money is involved and when you also put it at par with **the level of poverty** in these communities, you shouldn’t really be surprised that they have people that are CLOs from their communities and yet the interest of the community is not protected... There was a time we did some kind of study on why projects fail, it was a workshop and we found out that most of these projects were done without asking the people. In a particular community, the women preferred to go to the stream to fetch water because that is when they can have time to stay away from domestic work, to gossip and talk about the things that they enjoy. And **without consulting the women**, they went and mounted a borehole and it failed because for the women” (NGO01).

These respondents while agreeing to low participation of the host communities in the industry give reasons for such, with the first respondent (BYSPDC01) blaming community leaders for not making the processes in the communities participatory but rather ensuring that some persons are not involved (*block out the rest*). The second respondent (EXPERT02) makes a case for proper representation of the communities by people with the capacity to do so (*adequately represented*), blaming the government for not making this possible. Also, it is argued that the host communities are participating at the moment but such is not noticed because their representatives lack the capacity to impact company actions and behaviour (*cannot even understand the operations*). The last respondent (NGO01), an NGO representative adds that the poverty in the area makes community representatives pay more attention to financial returns and benefits than the interests of the people (*the level of poverty*). Also, the importance of consultation as being a way of improving community participation is emphasized by the respondent with an example of how a project failed

because the people were alienated from the process (*without consulting the women*). It is interesting to find the priorities of the women being different from the supposed problem solving ideas of the oil company concerned which was not used because the people for whom it was meant were not consulted, thus showing the lack of involvement of these women. The non-use of projects by the host communities could also be seen as a form of low participation by them or high participation by them in a negative way as a form of protest about not being involved at the planning stage. This further raises the question of who benefits from these projects if those that they are meant for are not consulted (Eweje, 2007).

Other respondents suggest solutions to such lack of participation:

*“Like now in Nigeria we have the Petroleum Industry Bill (PIB) which has given some level of opportunities to the host communities which they **have been agitating for**. It is not just about regarding yourself, you don’t play a **major part in decision making**; you don’t know how these decisions are made, where they are made...”* (BYSPDC02).

*“The Akassa model is the Community Development Foundation (CDF) model and the idea of it is like local governance, with the people getting involved in the governance of their community. It is not a system where you come and impose things on the people. They are consulted on what they deem to be their **priority at the point in time** and based on their feedback; we put together a sort of a Community Development Plan (CDP), which is usually a five-year development plan supported”* (NGO02).

*“The CDF model is not a blueprint. It’s just a process and it differs from place to place. As a community, it gives you freedom of action in practices. It’s so rich because no two communities are the same and they are not likely to do things in exactly the same way...And the simple way I can put it is from each according to his ability and distribute, it’s not only work, you also **distribute the benefit** to them according to their needs”* (NGO-EXPERT01).

The first respondent (BYSPDC02) notes that legislation is one way of improving the participation of the host communities in the industry as the PIB is expected to do, which would reduce the instability in the region (*have been agitating for*). The participation being expected is not meant to be just at any level but at a higher decision-making level (*major part in decision making*). The other two respondents refer to the CDF model which has been used in some parts of the region, because of its participative nature. The second respondent (NGO02) states how the communities are involved in decision of what projects to undertake from the planning phase to the execution of such projects based on their specific needs (*priority at the point in time*). This emphasizes the place of time, meaning that a lot of projects may be good but not all will be deemed very important at a particular time making it necessary that they get ranked accordingly, as can be seen from the failure of the earlier project cited by respondent NGO01 above. The third respondent (NGO-EXPERT01) portrays the flexibility of the model as it can be adjusted to fit the needs and peculiarities of the people in the specific environment, which seems different from the principles of the GMOU discussed earlier (*freedom of action in practices*). Also, it is deemed to handle distribution of resources equitably though that seems too simplified to be true but it has to be accepted as it has worked in a few communities (*distribute the benefit*).

On the other hand, respondents think community participation has improved:

*“So based on that leadership was nominated and recommended by traditional rulers, that is why the present leadership you are seeing is based on the recommendations of these communities by the traditional rulers...Community leadership, one of the advantage is, community leadership **takes ownership of***

the process**; you decide the plan on what to do alongside with Chevron staff. Unlike the then days when Chevron staff just decide within themselves without knowing the mind and opinion of the caretakers...Then secondly they **should empower our women" (CHEVRON01).

*"What **we are believing** is that; let them have the community relations who can be able to handle our matters. We believe we can channel our problems which will be resolved there. So our problems should be resolved between we and the company, because, already our brothers in the committee relations **are also knowing the problems of their people**, channelling to the company and the company will now reply us"* (RVSTOTAL04).

The first respondent (CHEVRON01), a board member for a Chevron Rural Development Council that operates the GMOU on behalf of the stakeholders makes a case for the GMOU as a process that has ensured more participation from the host communities in their development issues (*takes ownership of the process*). However, it is stated that it is not yet as good as one would expect as the women are not given the required attention in terms of participation in the industry and the communities (*should empower our women*) though it is regarded as being important. On the other hand, one wonders why these representatives cannot undertake such women empowerment on their own from the funds they have access to, if it is seen to be that important. The second respondent (RVSTOTAL04) alludes to the community people handling their local issues better than people from outside of the area as a result of their knowledge of the peculiarities of the area (*are also knowing the problems of their people*). There is the expression of an expectation which shows that even in the Total operating area the people do not have an assurance of what the company's actions would be despite the good relationship existing between them (*we are believing*). This could also imply that they do not think the

community relations department of the company is presently handling their issues properly, despite having community people there.

The analysis above indicate that the participation of host communities in the industry is relative across the region, though it is generally low even in areas where the relationships between stakeholders have been described as being good such as the Total operating area. The community leaders and representatives are partly blamed for the low level of participation by host communities, as they are said to be selfish and greedy even to the detriment of the people they are supposed to represent as well as not having the capacity to represent the people well. The low participation by these communities in the industry could be seen as having an impact on the relationships between these stakeholders, because if the people were involved in decision-making the way they should, they would be able to express their grievances rather than resort to protests and demonstrations. In other words, the more a community participates in the process, the less likely they are to take up arms to disrupt activities in the region because there would be no need for such.

<u>The Importance of Agreements and Negotiations</u>		
<u>Sub-theme</u>	<u>Evidence from Data</u>	<u>Indication About Context</u>
Contracts and Agreements	At the start of the operations in the region there were no agreements involving the host communities, only the government and the oil companies. However, there have been MOUs and GMOUs put in place in recent times between the oil companies and the host communities, though there is purported low implementation of these. The major stakeholders are all blamed for this lack of execution of these agreement terms, but the	These agreements have been seen as moderating the actions and the behaviours of the different stakeholders in the industry, especially where they have been implemented. The role of the government and a greater participation by the host communities in the processes leading to these agreements are deemed key top their implementation as well as the nature of Stakeholder Relationships in the region.

	government is deemed as the biggest defaulter.	
Engagement	The level of engagement in the region is said to be very low, thereby resulting to a very limited participation by members of the host communities.	This is presented as being crucial to determining the nature of Stakeholder Relationships in the region, if it is undertaken properly. It is also deemed to have a link to communication and host communities' participation.
Negotiations	There have been negotiations leading to the establishment of the MOUs and GMOUs, but the host communities do not regard the processes involved in these negotiations to be all-inclusive and accommodating of their views. Also, the capacity of the community representatives and their personal interests are purported to affect their participation in terms of impact.	On the surface it might seem like the other stakeholders do not involve or accommodate the host communities in the negotiation process, but the data shows that they also contribute because of the kind of representatives they send to such sessions. This impact on the quality of the agreements that they have with other stakeholders.
Trust	Some respondents view it as being non-existent while a few others disagreed, insisting that there is trust between them. The lack of trust is deemed responsible for areas where there is strained relationship between stakeholders, as the host communities resort to violence.	The trust level is hinged on the information exchange between these stakeholders. This is done through the engagements, communications and negotiations, so lead to different kinds of Stakeholder Relationships in different areas of the region.
Host Community Participation	This is claimed to be non-existent in some areas, while others deemed it to be low attributing such to both internal and external reasons. Another aspect of this is the level of involvement of women in such community participation. Suggestions such as the PIB and the CDF model are made to aid the improvement of the host communities' participation in the industry.	The impact of agreements are not felt in the region if the host communities do not fully participate in the various activities in the region and this is easily done through their involvement in the processes that lead to agreements. The low level of host community participation affects agreements, projects and the relationships amongst stakeholders in the industry.

Table 7.3: Summary of the Importance of Agreements and Negotiations Findings

7.3.3 Discourses around Power and Dependence

This sub-section analyses the different discourses about power and dependence with regards to how these are determined by interests, influence and the dependencies that they create.

7.3.3.1 Interests

There is a discussion around this theme as being very important in the relationships between stakeholders, with the different stakeholders pursuing their own interests even as they relate with each other.

The different interests of the major stakeholders are specified:

*“**You know** when an oil company explores for oil; you know what happens it pays government tax and royalties. Government uses those tax and royalties to develop the communities; the oil company makes profit and gives to their shareholders. So **everybody is benefitting**...” (NGO-EXPERT01).*

This respondent identifies the different interests of the major stakeholders by referring to the benefits that they derive from partaking in the activities in the industry (*everybody is benefitting*). The use of this clause indicates that the interests of these stakeholders are being protected in the relationship, implying that none of the stakeholders have any cause to complain or agitate of being disadvantaged. Also, there is an attempt to force the above view on the listener by appealing to their understanding (*You know*).

Another respondent suggests that only the oil companies' interests are protected:

*“They are the contact people to the communities but at times you see that they are **not really protecting** the interest of the community, **they rather prefer to protect the interest of Mobil** than the communities, and of course you should not expect anything less than that. They are just exploiting the community to the*

best of their ability and they expect us to be keeping quiet and tomorrow they will start saying Niger Deltans are bad” (AKSMOBIL02).

This respondent disagrees with the view that everyone benefits from the relationships by hinting that even the community representatives who work for these companies as employees; only work for the interests of the companies (*they rather prefer to protect the interest of Mobil*). However, there is a variation in the statement as the respondent indicates that these employees actually protect the people’s interest but do so partially (*not really protecting*). So in trying to make it clear that the host communities are not considered in the industry, the interviewee has actually given a hint that they are catered for but such protection of interests is secondary in comparison to those of the oil companies.

However, other respondents posit connivance between two major stakeholders:

*“Well, government has nothing to do because why I say government has nothing to do is that the obligation, what they promised to give the government **they have been giving the government** and having given the government what they are requesting, so **where is the room** for government to now remember what the community requests. So, the government and the company are the people that benefit from the whole deal, in terms of community, in terms of the one of the communities it is just little, **which is the crumbs**” (AKSMOBIL01).*

*“You know most people don’t see the government what we see is the oil companies, though some of us come to know that **they are JV partners** with the oil companies in oil exploration in our area. Like he said, oil exploration and exploitation business in our area and of course any business, any organization is there to see how they can make profit and maximize it” (BYSPDC02).*

The first respondent (AKSMOBIL01) hints that the government does not carry out its role of ensuring compliance with the regulations which would mean

protecting the interests of all stakeholders in the industry (*where is the room*); which is attributed to government needs being met (*they have been giving the government*). Therefore, it is claimed that there is connivance between the government and the oil companies leading to the interests of these two being protected while those of the host communities are not given much attention (*which is the crumbs*). On the other hand, while this clause could refer to the insignificance of what is accruable to the host communities, which is secondary to the needs of the other two major stakeholders, it further confirms that these communities do get something. The second respondent (BYSPDC02) tends to justify the connivance between these two major stakeholders in the protection of their interests by making reference to the fact that they have a legal shareholding relationship (*they are JV partners*). This joint venture partnership is one that splits ownership of the major holdings in the industry between these two stakeholders, with the companies operating them. However, the oil companies are not blamed too much, as the respondent agrees that considering that they are a business their primary duty of making profits should not be overlooked (Friedman, 1970).

The host communities' interests are deemed to be rights:

*"This is what we are passing through, so **if federal government will look at the kind of treasure** Mobil are making and they will know that this community is very big, it is not a privilege **it is our right** to have all these things that we are talking that they deprive us of"* (AKSMOBIL04).

This respondent argues for the assertive nature of the interests of the host communities (*it is our right*) as a result of the huge contributions and fortune they make to the industry as a whole (*the kind of treasure*). This could be seen

as the reason for the agitations from the host communities because they have the view that they are rightfully entitled to their interests being protected and so endeavours to assert such rights when such is not the case. Once more, the government is indicated as being responsible for the situation as it is deemed as not doing its job because it is not paying attention (*if federal government will look*).

The analysis above shows that the interviewees think that every stakeholder in the industry has some specific goals that they aim to achieve as they relate with each other which are their interests. However, there is the notion that the interests of the host communities are not often protected as the government and the oil companies are keen on achieving their own goals, leaving little or nothing for the host communities. This is attributed to the alliance between the government and the oil companies as JV partners in the industry and this determines the actions they take to protect their interests. This view tends to assert that the interests of both the government and the oil companies on one hand run contrary to those of the host communities on the other hand, which makes one begin to wonder if actually the government is constituted by members of these communities. This neglect of the host communities' interests is made possible by her members working for both government and the oil companies who are supposed to protect such interests, but rather aim at protecting their personal interests. This implies that it is not enough for the host communities to have representatives but such persons must strive at all times to do what is in the best interests of the communities that they represent. The various interests that revolve around resources are deemed to be inequitably

distributed between the stakeholders, which results in conflict and it is posited that a balance of these interests could be the solution to the strained relations.

7.3.3.2 Influence

This theme explores the level of impact that stakeholders have on each other in terms of decision-making, which impacts their actions in these relationships.

The host communities are deemed to be without influence:

*“I **don’t think**, they don’t have because if they have some influence, the influence of community **could make them review the MOU**, but since they did not have they thought that nothing is going to happen”* (AKSMOBIL01).

*“Since their company **didn’t give us access there is no influence**, they are not giving us access”* (AKSMOBIL03).

The first respondent (AKSMOBIL01) argues that the host communities lack the possession of influence; otherwise they would have forced the oil companies to reassess the agreement they had with each other (*could make them review the MOU*) which implies that the agreement is not appropriate for the times. However, the use of a discourse marker is intended to personalise the view given (*I don’t think*) which could also mean that the respondent is not very sure of the position presented. The second respondent (AKSMOBIL03) asserts that the host communities cannot impact the oil companies because they lack the medium to express their views to the latter (*didn’t give us access there is no influence*). This establishes a link between access and influence with the former determining how much of the latter is exerted by the host communities.

Another respondent suggests that the host communities have little influence:

*“**Very little influence** because like I am saying, let us take for instance we make an MOU, **we would have believed** that the MOU would be kept 100percent...” (RVSTOTAL02).*

This respondent from the Total E&P operating area disagrees with the lack of influence by the host communities, hinting that they actually possess influence but it is not enough to affect the actions of the company (*very little influence*). This point is justified with an example relating to the agreements entered into with the company, which the respondent thinks the communities could have used such influence to enforce compliance from the company if they had enough (*we would have believed*). This further indicates that the oil companies do not keep to the terms of agreements fully, when they do comply with them.

Other respondents regard the influence of host communities to be relative:

*“Yeah, here again, **it is not universal**, it is not across board, it depends on **the aptitude or the capacity** of some community persons to organize... Once a community is rightly guided, **they make more impact** on the oil company...” (BYSPDC01).*

*“It is **not just about regarding yourself**, you don’t **play a major part** in decision making; you don’t know how these decisions are made, where they are made. Like with all this oil business, you just see yourself at the receiving end; it is what you ask for that you get **out of struggle**, you don’t even go to say this is my right” (BYSPDC02).*

The first respondent (BYSPDC01) argues that the influence of the host communities vary from one to another, so cannot be expected to be the same across the region (*it is not universal*) and this is attributed to their mental abilities (*depends on the aptitude or the capacity*). This mental ability is deemed to be instrumental to how much influence a community has on the oil companies operating in its area (*they make more impact*). The second

respondent (BYSPDC02) agrees that it is not enough for the host communities to be called stakeholders (*not just about regarding yourself*), which is as a result of their lack of an active role in the decision making processes (*play a major part*). It is claimed that this results in these communities resorting to agitations in order to assert their supposed right, since they cannot impact decisions normally (*out of struggle*). The views expressed here focus on the intellectual abilities of the host communities as being crucial to their possession and use of influence.

The companies do not think influence is the right word to use:

*“We do not influence rather, we **proactively engage** our various stakeholders to be able to arrive at **mutually beneficial** and sustainable outcomes”* (EXXON-MOBILREP).

*“It **depends on the issue**, however, **our core value is to respect people** and not **influence unduly** except there is a **superior case**”* (SPDCREP).

*“Influence over our stakeholders is **majorly on keeping to agreement** and operating policy. We keep strongly to this. In terms of how much of this influence, **one can say it is very strong**”* (TOTALREP).

The first company representative (EXXON-MOBILREP) claims that rather than trying to influence their stakeholders, they prefer to interact with them (*proactively engage*) because that is seen as the best way to get outcomes that are profitable to all parties (*mutually beneficial*). There is a variation here with the views earlier expressed by community representatives from the company's operating area claiming to lack access, meaning they could not have been involved without access. The second representative (SPDCREP) interviewee claims that the company deploys different methods in dealing with their

stakeholders in different situations (*depends on the issue*), which shows their flexibility in dealing with stakeholder issues. They claim to treat the people with a high level of regard which would mean that their views and ideas are taken into consideration in decision-making (*our core value is to respect people*), but they can also apply force if that is the only way to achieve their goals (*unduly influence*). However, this is presented as not being an everyday case but one that is done in exceptional circumstances (*superior case*) which could be seen as a confirmation of the view that the company uses force, even the deployment of the military in order to have its way. The third representative (TOTALREP) relates their influence over stakeholders as being in the form of compliance with the terms of the agreements between them (*majorly on keeping to agreement*). This compliance with agreement is claimed to be at its best (*one can say it is very strong*) which tends to be a variation with the views of the community members from the company's operating area who mentioned the lack of respect for these agreements as an example of the communities' lack of influence.

The analysis above shows that there is divergence amongst members of the community on how influential they are with other stakeholders, especially the oil companies. Some claim that there is influence though it is not enough why others argue that there is none, attributing it to lack of access to other stakeholders thereby resulting in non-compliance with agreement terms. The types of influence possessed by the host communities are deemed to be either physical or intellectual, while the oil companies posit that they really do not influence the host communities, unless it is a peculiar case. The differences in views could be attributed to the level of information that these stakeholders

have of what their rights and obligations are, while such could be responsible for the different reactions by these stakeholders to bad stakeholder relationships as earlier discussed.

7.3.3.3 Dependence

This theme came out of the literature but it was a sensitive one with the participants, with some of them claiming that the stakeholders are independent of each other while others insisted that they are interdependent.

Some respondents claim there is no dependence on each other:

*“The both parties are independent; **let me put it that way**. As I am telling you what I’m talking now, the issue of training, the general aspect of training now is normal but Mobil have not done any of community development one they have not done one, there is nothing like skill acquisition centre to inspire the youths. **Even if say hall**, a kind of a youth hall or community bus to assist community logistics at least, so it is independent” (AKSMOBIL03).*

*“We are not depending on Exxon-Mobil; **we are depending on God**, as I said because Exxon-Mobil **cannot do any reasonable thing** for us. We can’t depend on them, I think you understand” (AKSMOBIL04).*

The first respondent (AKSMOBIL03) in describing the relationship as being without dependence seems to lack the right words to really portray what exactly he has in mind (*let me put it that way*). This perspective is justified with the claim of the company’s low CSR activities in the area, which is deemed so bad that the least difficult things have not been done by the company (*even if say hall*). The second respondent (AKSMOBIL04) tends to support the view of no dependence by noting that it is impossible for the company to do anything for them, which is the use of an extreme case formulation to make the point (*cannot do any reasonable thing*). This could also imply that the company

actually does things for the communities but such things are not deemed by the latter to be good enough to make them depend on the former. As a result, it is claimed that they have resorted to seeking divine help as a result of the non-existence of any sort of dependence between the stakeholders in the area, specifically the oil company and the host communities (*we are depending on God*). These views might just be a reflection of the people's disappointment with the activities of the company based on their experiences, leading to their claim that there is no dependence when actually there is.

Some respondents claim the host communities depend on the oil companies:

*"**You know typically**, Ibeno people and the environs were mostly fishermen, okay. When Mobil started their operation some decades ago, their operation affected our livelihood, fishing, our people could no more fish within the range where they were fishing before because of the pollution here and there you know. They had to be going all the way to Cameroun, to Cameroonian waters, at a point they could not make it so **they had to fall back** on Mobil for assistance, for contracts, for employments but **nothing is forthcoming**" (AKSMOBIL02).*

*"Yeah, the **dependence is more**; the community is depending on the oil company...It is because of the level of the level of poverty in the community, viz a viz the misunderstood wealth that is at the other end of the oil companies now; and that not being unequal footing is the cause even the conflict. One side seem to be influencing the other side, in favour of the other side; the relationship is such that **they tend to worship** the oil companies" (BYSPDC01).*

*"Anyway, communities **depend more on** companies. Of course when the company wants to acquire land they don't pay for it, communities just give them free. We are **supposed to depend** on them; **we have donated the land**, because if you want to acquire a land and I want to sell a plot of land to an individual I know how much I will charge" (BYSPDC02).*

The first respondent (AKSMOBIL02) starts by establishing that the host communities were originally engaged in fishing as their occupation and means of sustenance (*You know typically*), but does so by assuming the listener's knowledge of the information. The exploration of oil in the area is blamed for the destruction of the people's means of livelihood and that seems to have made them automatically dependent on the oil company for sustenance (*they had to fall back*). This respondent's view is a variation of those of other respondents from the same area cited above, though it shows that the earlier respondents could have based their positions on the low response of the company to their needs as this respondent admits (*nothing is forthcoming*). The second respondent (BYSPDC01) agrees that the host communities depend on the oil companies but hints at such dependence being relative and not total (*dependence is more*), which tends to imply interdependence. This level of dependence on the oil companies is attributed to the poverty level of the host communities which has resulted to the former being regarded to the point of being seen as infallible (*they tend to worship*). This seems to be used to emphasize the level of influence the oil companies have on these communities, especially considering the place of religion in the context of the study. The last respondent (BYSPDC02) agrees with the last view that dependence is tilted in favour of the oil companies (*depend more on*) and this is justified by their giving away what they hold as sacred (*we have donated the land*). This can be considered from the point of how the possession of land is treated as wealth in the region, as well as the personal attachment people have with such land because they most times inherit such from their ancestors. However, there is a

perception that the expected dependence might not be as it is meant to be (*supposed to depend*).

Other respondents regard the relationship to be interdependent:

*“Well, **it is not one-sided**; because if the community finally depends on the company without bringing their own support, it would not work out; and if the company depends on the community without putting in their best, it will not work out”* (RVSTOTAL03).

*“Well you know we have the government, the oil companies and the communities. Well, they are suppose to depend on each other but government cannot exist without the community, because all of us exist from the community; oil companies cannot exist from the communities so I think that they are supposed to be interdependent but you see that **the interdependence is not very strong**”* (EXPERT01).

*“**The truth of the matter** is that there is no such thing as independence when it comes to the extractive industries as a whole, so they cannot be independent from the oil companies. **There cannot be** independence, there has to be dependence between the oil companies and their host communities...So there are a number of cooperatives, and these communities also are giving up of themselves, what is it called; their means of livelihood so that the oil companies can carry on their activities. They need also to depend on these oil companies to provide an **alternative means of livelihood**, in the form of job creation, in the form of creating stuffs for them”* (EXPERT02).

*“Another thing is that it is a relationship itself that **ought to be mutual and beneficial to everybody**. For instance, if you come to a community and they earn their living by fishing and your operations disrupt their fishing, you have a responsibility to provide alternative means of livelihood for them. So if you look at it, the company is benefitting, the government is earning revenue to give development, people are getting employed because things are being produced”* (NGO-EXPERT02).

The first respondent (RVSTOTAL03) argues that because all stakeholders have their contributions to make in order for the relationships to work, then they have

to depend on each other (*it is not one-sided*). This view could be one of the reasons responsible for the good relationship existing between the stakeholders in this area as earlier noted, because the communities understand that they have obligations to make the relationship work in addition to their expectations. The second respondent (EXPERT01) agrees that the relationship is meant to be interdependent between the stakeholders because they cannot do without each other, but notes that at the moment that is not the case (*the interdependence is not very strong*).

The third respondent (EXPERT02) uses an extreme case formulation to insist that the idea of independence is impossible (*there cannot be*) and this position is deemed to be one that cannot be contested (*the truth of the matter*). This is further hinged on the communities' means of providing for their families being taken away, which places the burden of provision of other options on the oil companies (*alternative means of livelihood*). The last respondent (NGO-EXPERT02) bases his argument of interdependence on the stakeholders getting favourable outcomes from their relationships with each other, by way of the different resources that they acquire from their interactions (*ought to be mutual and beneficial to everybody*). This means that where the stakeholders are not working together, there is the possibility that they would be working against each other resulting in some benefitting while others don't.

The oil company representatives agree with the interdependent views:

“Symbiotic, it depends on the issue at hand...None; it depends on the issue to be addressed” (SPDCREP).

*“**The tripod** of Company, Government and Companies depend on each other for relationship. However, much of the information lies with the company who is the Operator...The greater dependence on the company for relationship is not **discriminatory**. It is so created because the company is the Operator, has all the information / technical data for operations and reports to all other stakeholders” (TOTALREP).*

*“The relationship is **mutual**... Government need revenue, high performance will boost shareholders’ confidence, employees, the human assets will be better motivated, community will be better impacted and of course company will continue to grow business” (EXXON-MOBILREP).*

The company representatives view the stakeholders to be interdependent in their interactions with each other, as the first respondent (SPDCREP) paints a picture that could be seen literally as meaning that the stakeholders mutually contribute as well as benefit from the relationship (*symbiotic*). However, it could also be seen from the various meanings of this word to reflect different scenarios which could mean that in addition to the mutuality, some stakeholders could rely more on the others. This variability in the way stakeholders depend on each other is given further credence with the use of rhetoric (*it depends*). The second respondent (TOTALREP) states that the three major stakeholders depend on each other, but also indicates that they are jointly depended upon by other stakeholders not deemed major (*The tripod*). Nevertheless, the oil companies are deemed to control the relationships as other stakeholders depend on them more and this is deemed by the respondent as nothing unusual (*discriminatory*), which could be interpreted as a reactive measure to defend happenings in the industry between stakeholders. The fourth respondent (EXXON-MOBILREP) highlights how every stakeholder benefits when the relationship is interdependent in nature (*mutual*). These views tend to present

the companies as preferring interdependent relationships where no one stakeholder continually holds power as a result of others depending on it; though this seems not to be the situation right now and such seems to favour these companies.

The analysis shows that it is expected that the major stakeholders (government, oil companies and host communities) be interdependent on each other in their relationships as a result of the benefits they derive from doing so. The oil companies do not disagree with the other respondents on the supposed interdependent nature of the relationship as they seem to think that favours them more. However, the reality is that there is an imbalance with the host communities depending so much on the oil companies to make things available for them which is attributed to the negative impact of the latter's operations on the former and their means of livelihood. Aside from the impact, there is the argument that the dependence is expected as a result of the control that the oil companies have over the resources including information and technical data of the industry. Also, the inability of government to live up to its responsibilities means that the level of underdevelopment and access to basic amenities is so limited that the oil companies are expected to provide almost everything. As a result, the relationship between the stakeholders is affected by the level of dependence between the stakeholders, with situations where the relationship is good being linked to interdependence while over dependence results in bad stakeholder relationships between the stakeholders.

7.3.3.4 Resources

This theme concerns any discussion that relates to what the different stakeholders regard as being important to them either as benefit that they hope to derive from the relationship or the things that they possess that others are in need of.

Some respondents argued the importance of the resources:

*“The oil and gas industry has its cases of environmental degradation, and of course it is a **strategic resource** at the international level, so that is the reason why we tend to focus on that industry. Yeah, that is **at the bottom of all these things** we’re talking about. You know when an oil company explores for oil; you know what happens it pays government tax and royalties. Government uses those tax and royalties to develop the communities; the oil company makes profit and gives to their shareholders” (NGO-EXPERT02).*

*“The ‘**black gold**’, crude oil is at the **centre of all of this**” (EXXON-MOBILREP).*

*“Available but must be **negotiated**” (SPDCREP).*

The first respondent (NGO-EXPERT02) argues that the focus on the industry is well deserved because of the role played by the resource even on the international scene, so it is deemed to be a very important resource (*strategic resource*). The use of this clause could also be seen as highlighting the impact a resource can have if it is properly utilised by the stakeholder controlling it. Such importance which places the resource and the industry as the focal point of attention (*at the bottom of all these things*) is further expatiated by examples of how it benefits the different stakeholders in the industry, especially the three major stakeholders. The second respondent (EXXON-MOBILREP), a company

representative agrees that the focus of the industry is the resource (*centre of all of this*) but notes the particular resource being referred to here (*'black gold', crude oil*). The third respondent (SPDCREP), another company representative agreed that the resources are very important and obtainable but that the companies must undertake to access them through the right channels (*negotiated*). This seems to be an indication that the companies have not previously followed these channels to acquire these resources from those controlling them, in this particular case the host communities.

Aside from the crude, other types of resources are identified:

*"Of all the resources needed, the **financial is the strongest** because it hires the professionals, the equipments, acquires the land, fund community dev. activities, pay for OPEX and CAPEX. Second to this is the Land Resources that produces the oil & gas that is **the core of business**"* (TOTALREP).

*"Well, the resources are **critical** at this time because at the level of our development, we need to trade with other people. **We need to be able to earn something** so that we can build our **capacity**. Not just material resources, even our **mental resources** need to be seriously developed"* (NGO-EXPERT01).

The first respondent (TOTALREP), a company representative mainly states two resources with the funding from the shareholders to the company deemed as being more important than the natural resources (*financial is the strongest*). However, there is a variation within the statement as the land resources which were deemed as less important compared to the finances are regarded as being the determinant of how the industry operates (*the core of business*). Interestingly, employees are not mentioned as possessing the required skills and technical abilities that facilitate the use of all other resources mentioned, but only host communities and the oil companies are deemed as holders of

critical resources.

The second respondent (NGO-EXPERT01) confirms the importance of the resources (*critical*) but adds that the host communities deserve more than they are getting presently (*we need to be able to earn something*). The argument is that the other resources identified are good but that there is also the need for the people to be empowered mentally as that would result in total development (**capacity, mental resources**).

There is also the claim of depletion of these resources:

*“It is critical that first and foremost, like we said that by the very act of drilling of oil we are impacting on some of the resources in the communities where this drilling is going on, so there is a **huge need to try and replenish all those that can be replenished**; and also **to try and create other opportunities** or other resources that can be created in such an environment”* (EXPERT02).

The argument put forward by this respondent is that the exploitation of these resources in the natural environment has led to their depletion, which makes their replacement expedient (*huge need to try and replenish*). There is an admission that there is the possibility that some resources might not be replaceable (*those that can be replenished*), so it is suggested that alternatives are generated (*create other opportunities*). There is an assertion that attempts are not being made by the stakeholders to make these replacements and alternatives available to the people, which is reinforced with the use of rhetoric (*to try*).

The depletion discussed above leads to a clamour for reward for resources:

*“Who knows **this oil can dry any day**, any moment, any time, so **what is our benefit for forty something years**, **what is our benefit for forty something***

*years, if this oil dry **what is our benefit?***" (AKSMOBIL04).

*"How these affect it, the companies are using the eco-system of the communities and the communities are also benefitting from the **CSR** or whatever projects of the companies. So it is equally beneficial on both sides"* (NGO02).

The first respondent (AKSMOBIL04) insists that the communities deserve to get things that will make up for the resources that they have lost, especially considering that these resources might not always be available (*this oil can dry any day*). This point is further emphasized with the use of rhetoric to discuss how long this depletion has been going on (*forty something years*) as well as questioning how it has profited the people (*what is our benefit*). This rhetorical question implies that so far the people cannot really say they have benefitted in any way from playing host to the industry and making available the natural resources. The second respondent (NGO02) narrows down the benefits of the host communities from these operations as the various projects that the oil companies undertake in the region (*CSR*). It is also claimed that such CSR activities can result in favourable outcomes for all stakeholders, which is reflective of the win-win situation for these (*equally beneficial*).

A respondent referred to resource control:

*"Resources are those things that people want and, that is why we say that the **government has disappointed them**; the communities gave them their resources free of charge. But now that the government is not able to give them anything back, the only way forward is for you to manage your resources, so the resources should now be reverted back to the communities. So if there is oil in your place you should know how to manage the oil, so I am of the view that, in fact we are **struggling for resource control**, the state does not own resources are owned by the communities and we are all from communities"*

(EXPERT01).

The reference to resource control by this respondent is hinged on the claim that the government has not met the expectations of the people by not ensuring that what is accruable to the people gets to them (*government has disappointed them*). It is stated that the people are agitating for the management of the resources in their environment as a way of making up for the lapses of the government (*struggling for resource control*) which is an agreement with the views expressed in the surveys on this issue. This is deemed to be the panacea to the problems in the industry, without any alternative seen (*the only way forward*).

The place of resources in the relationship between stakeholders is shown from the analysis presented above, with the land, oil and financial resources deemed to be very critical to the operations and survival of the industry. However, these are not limited to these three resources only as the human capacity of the host communities is also regarded as being a very important resource too. There is also an indication that what each stakeholder deems to be important to it would differ as the companies are after oil and natural resources, while the host communities seek to improve their lives, and the government is after its taxes and royalties. Hence, the attainment of these various benefits results in either good or bad relationships between these stakeholders, as agreed by the experts, oil companies and host communities interviewed.

<u>Discourses around Power and Dependence</u>		
<u>Sub-theme</u>	<u>Evidence from Data</u>	<u>Indication About Context</u>
Interests	The major stakeholders have different interests that they tend to protect, such as revenue, profit and community development projects for the government, the oil companies and the host communities respectively. Meanwhile, the pursuit of these diverse interests sometimes results in conflicts and dependencies amongst them. It is claimed that because of the JV partnership between the oil companies and the government, their interests are protected to the detriment of the host communities.	The data indicates that it is possible for the diverse interests of the stakeholders in the region to be protected. However, this is dependent on how the government and the oil companies manage these relationships amongst stakeholders. The people do not see themselves as a part of the government as a result of their past experiences, making them more dependent on these other major stakeholders.
Influence	The host communities are claimed to have no influence on other stakeholders, especially the oil companies and the government. Others view influence to be possessed by all the major stakeholders in the region, but that such possession is relative and dependent on the issue in question at a particular time. The most influential stakeholder at the time is said to control the relationship amongst the stakeholders.	This shows that in the context of this study, the people regard their level of influence to determine how much of their interests are protected. This is deemed to further result in the dependencies that arise in the region as these communities now rely on the other two major stakeholders to meet their needs.
Dependence	There is a claim of no dependence amongst the stakeholders, which is attributed to a lack of CSR projects that are supposed to act as evidence. It is also claimed to be an interdependent relationship between them, with the host communities depending more on the oil companies and the government for the meeting of their needs because of oil operations in the region which has destroyed their sources of livelihood.	The data reflects that the power balance in the area is in favour of the oil companies and the government as a result of the level of influence they have on the operations of the industry. The host communities have less influence so they depend on these two stakeholders for the protection of their interests in the industry.
Resources	These are deemed to be the fulcrum of the relationship amongst stakeholders in the industry, though these vary for different stakeholders. Such resources are the crude oil, financial, technical and human capacities which are all required for oil operations to continue and run smoothly in the region. The lack of development	These resources are different for different stakeholders as with the interests earlier discussed, but they are all deemed to be very important in these relationships. This is mainly claimed to be as a result of these being the key reason why these stakeholders are in the

	attributed to government ineffectiveness above results in the host communities clamouring for resources control and management.	relationship.
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Table 7.4: Summary of the Discourses around Power and Dependence Findings

7.3.4 The Government, Oil Companies and Development

The analysis of the surveys in the last chapter had shown that the government and the oil companies have big roles to play in bringing about the development that the host communities yearn for. As a result, this sub-section looks at the themes around how these two major stakeholders contribute to community development.

7.3.4.1 Government

This theme discusses the role of the government in the industry which covers various activities, specifically with regards to the relationships between stakeholders.

The role of the government is highlighted by some respondents:

*“That is, emmm **overseeing** to the implementation of the agreement” (RVSTOTAL02).*

*“Government role here is dual. First, Government is an investor because she holds **60% of shareholding** and is the greatest financier of this business. The second role of Government is the regulatory, in which her agencies monitor and regulate operations. But how well these roles are played especially at the level of monitoring & regulation, in the stakeholder relationship, **is left to observer**” (TOTALREP).*

*“**Ordinarily**, the government should collect taxes, sell our resources, do whatever it does, get this money to the centre, share it equitably according to agreed formula to the people and they take it as of right, not saying thank you...*

*That government is supposed to lead it and is **not leading** it does not mean nobody else can do it” (NGO-EXPERT01).*

The first respondent (RVSTOTAL02) gives an indication that how agreements between stakeholders are honoured is dependent on the government playing its role in the industry, which is the enforcement of the terms of such agreements (*overseeing*). The second respondent (TOTALREP) identifies two roles of the government in the industry with the first being that of the most important shareholder in the industry (*60% shareholding*) which seems to be a reference to the JV partnership that the government is involved in. The second role is that of enforcement which is claimed to be visible enough for all to see (*is left to the observer*), a hint that the government is not carrying out this particular role. The last respondent (NGO-EXPERT01) states that the roles of the government revolves around the generation and distribution of resources to all stakeholders fairly, but notes that such expectation might not actually be the reality (*ordinarily*). The government is deemed to be in a position to direct what happens in the industry, with other stakeholders following such direction even the oil companies but it is not seen as doing so (*not leading*).

Another respondent expands the list by adding other responsibilities:

*“In my own view the oil companies in Nigeria **they are in partnership** with our government; doing business in partnership with our government...The government **needs to provide basic amenities**, you find out that communities are now aware of all this, like the things that companies are doing are supposed to be the responsibilities of government like light and all that...The communities **are appreciating** what the companies are doing, but government **needs to do its own part**” (BYSPDC02).*

This respondent supports the shareholding role of the government in the industry (*they are in partnership*) but notes that there are other areas that the government is supposed to be responsive to; especially in terms of community development (*needs to provide basic amenities*). However, it is posited that the government has left its responsibilities for the oil companies (*needs to do its own part*) though the latter is deemed by the communities to be contributing enough to community development (*are appreciating*).

Other respondents suggest that the above list is not exhaustive:

*“Yes, in as much as the company is doing their best; **the government has to come in** many other aspects... The government also **has to come with that enlightenment**, so that they will know that the government that the company backs up with their own voice”* (RVSTOTAL03).

*“...communities need capacity; government should be able to provide the capacity. If you don’t improve the capacity of the people, how can you now improve them, **how do you expect them to discuss** with the oil companies”* (EXPERT01).

*“Government is responsible for ensuring that they create an enabling environment for people to **sit around and talk** on these issues. Government has got the responsibility to ensure that the communities are adequately represented in any engagement not only in terms of the people but in terms of the communities understanding all the issues. It is one thing to have a few people, who will come and represent these communities at the dialogue sessions, but the few people cannot even understand the operations of the oil companies, government has a role in that to **enhance their levels of understanding**”* (EXPERT02).

These respondents indicate that such government responsibilities also extend to other aspects, as the first respondent (RVSTOTAL) notes that the government is absent in the area as it is not doing its part (*the government has*

to come in). This lack of involvement seems to be blamed for the happenings in the industry, because the government does not provide information as it should (*has to come with that enlightenment*). The second respondent (EXPERT01) agrees that the government has the duty of helping the people to develop their mental capabilities, as their engagement with the oil companies will depend on this (*how do you expect them to discuss*). The last respondent (EXPERT02) notes that it is important for the government to provide the platform for engagement between the oil companies and the host communities (*sit around and talk*) but implies that the capacity of those representing the latter in such sessions must be developed. This indicates that those previously known to represent communities lack the ability to do a proper representation (*enhance their levels of understanding*). The focus here is on the role of government in facilitating engagement amongst stakeholders as well as ensuring the host communities are properly represented by those capable of such.

The government is not seen as carrying out these responsibilities

*“Government are **playing lip service**, they are **playing lip service**, government will come mostly during campaigns, they will come and tell us ‘oh we will do this, we will do this, we will do this’. At the end of the day you would not see anything, they will just come and we will vote for them”* (AKSMOBIL02).

*“...This is what the Mobil oil has spoilt in my family and then most of us have asked for compensation, but the state government says no use it and build tarred road, build school. **Whose responsibility to build school**, is it not that of the state government, that instead of the state government to tell Exxon-Mobil to come and pay compensation for the fishermen they said that they **should not pay it indirectly**”* (AKSMOBIL04).

*“All not most, there is no government influence here, government influence **zero, zero percent**”* (RVSTOTAL01).

*“They have set but **not able to enforce**. Enforce in the sense that when taxes and royalties are paid, **they fail to use it judiciously** and when company fail in their responsibilities, government does not have the will power to penalise”* (SPDCREP).

The first respondent (AKSMOBIL02) uses rhetoric to state that the government does more talking than acting via implementation, as it only makes promises that it does not keep (*playing lip service*) which seems to imply that they are more interested in the publicity. The second respondent (AKSMOBIL04) asks a rhetorical question about who is responsible for the provision of social amenities, if not the government (*whose responsibility to build school*). This is contrary to the general view that the people expect the oil companies to undertake more CSR projects to fast track development in the area. It is also alluded to that in cases of environmental damages contamination, the government connives with the oil companies to ensure the latter does not compensate victims of such (*should not pay it indirectly*). This negates the role of the government earlier identified as being an umpire that ensures compliance with the regulations guiding operations in the industry. The third respondent insists that the government has been so poor in delivery that it has actually made no impact in terms of development (*zero, zero percent*). The last respondent (SPDCREP), a company representative argues that they have done part of their job but are yet to do some parts that could be crucial to the industry (*not able to enforce*) which is seen as a sign of weakness. Also, the proper utilisation of the resources generated from the industry by the government is questioned as there is an indication of misappropriation of public funds (*they fail to use it judiciously*). These views by the company representative are

unexpected, considering that they have been deemed to be the beneficiaries of government's supposed ineptitude, though it further validates the earlier views from other stakeholders.

However, the government is deemed to play its role in favour of the oil companies:

*"The government plays a **protectionist role**; they see any person that is at loggerheads with the oil companies as an enemy of government...They have **permanent military apparatus**, military presence in the oil communities and there are personnel too; not because of even kidnapping, I think it goes beyond that. Now the whole place is quiet yet they still have these people all around the place, because oil remains the source of government revenue so whatever that happens to the oil companies is considered as having happened to the government... Well, generally about the legal regime that governs the oil industry, it needs to be looked at once again to allow for a good social relation among the key stakeholders" (BYSPDC01).*

This respondent argues that whenever the government does play its role, it does so to safeguard the oil companies against the host communities (*protectionist role*) which means these communities are not seen as allies but foes. This view is further emphasized by reference to the deployment of troops to the region, even in times when there is no crisis which is deemed to be strange (*permanent military apparatus*). Also, the laws governing the industry are deemed to be ineffective and so they require a review that would make them more useful to the improvement of stakeholder relationships, which is another indictment on the government for not playing its role of lawmaker.

There is a general agreement among respondents that the government has various responsibilities covering the granting of legal license to operate,

provision of basic amenities, legal frameworks, monitoring and enforcement. However, the general opinion is that these have not been carried out and so is purported to have led to the actions and inactions of the different stakeholders in the industry. Interestingly, stakeholders in the Exxon-Mobil operating area are expecting to improve their relationship with more involvement from the government while those from the Total area are comfortable without the government. This could be attributed to the attitude of the stakeholders involved and how they have gone about resolving their differences leading to the kind of relationships they have presently.

7.3.4.2 Development

There were various issues raised about this theme, but there is a general definition of it by the participants around the provision of basic amenities and infrastructures, especially how it affects the relationships between stakeholders.

Development is equated as CSR activities which are deemed to be low:

*“Development **has not been touching** those such communities, **there is a tendency for problem**, and when there is a problem **there is no two way** the company can operate because the company cannot operate in the area...**They are not doing well** in terms of employment, **they are not doing well** in terms of respecting the local content, and **they are not doing well** in the area of contracts. **They are not doing well** in the area of scholarship; **they are not doing well** in the area of community development” (AKSMOBIL01).*

*“So in the aspect of rural development the company has not tried, they have not tried, they have **not done anything** for any development” (AKSMOBIL03).*

The interviewees from the Exxon-Mobil operating area regard development of the area as the responsibility of the oil companies through their CSR activities, with the first respondent (AKSMOBIL01) asserting that it has not been even

across communities (*has not been touching*). Such development is regarded as being determinant of the oil companies being given the societal license to operate (*there is no two way*) while linking development to crisis and instability (*there is a tendency for problem*). This implies that if there is underdevelopment in an area automatically restiveness follows, which is emphasized with the use of rhetoric through the listing of the areas the company has not been meeting up expectation (*they are not doing well*). The second respondent (AKSMOBIL03) interviewee concurs with the equation of development as being same as CSR activities and a lack of contribution to development by the oil companies with the use of an extreme case formulation (*not done anything*). The lack of recognition of the contributions of the oil companies as reflected by these views could be attributed to the level of expectations by these communities from the oil companies, even of things meant to be government duties as earlier noted by authors (Ite, 2004; Eweje, 2006; Idemudia & Ite, 2006).

Other respondents regard these CSR activities to be good enough:

“The whole Egi communities have light, the whole Egi communities have water, the whole Egi communities have good roads, even primary schools, secondary schools” (RVSTOTAL01).

“Well, to my mind I hope Total is doing well in our community in terms of infrastructural development, education, they award scholarships, skills acquisition programmes and also they do employ some of us” (RVSTOTAL02).

The interviewees from the Total operating area regard development to be same as CSR activities which is good in the area, with the first respondent (RVSTOTAL01) regarding it to be well spread across communities, in contrast

to the unbalanced one discussed above (*the whole*). The second respondent (RVSTOTAL02) undertakes to list the various types of community development projects undertaken by the company which are deemed good enough (*doing well*). However, the respondent does not seem to be very sure of the position presented here to describe the company's involvement in community development (*to my mind I hope*).

Development is deemed to be more than physical structures:

*"Those physical structures are there but another thing is that why is it called structure, physical structure, is it a **kind of showpiece** for the oil companies to say yeah we did this, we did this, we did this. When you see a vast majority of the people in the community **need things other than** those structures; the capacity. Why not spend some money training their people overseas so that by the time they come back they can get links to this oil industry; and giving of scholarship, say secondary school scholarships. What is the meaning of that?"* (BYSPDC01).

*"What I want to add is that development we know starts with the people how they are organized, how they are disciplined and how they are well oriented...Then we should also remember that **sustainable development** is very essential to us, the destruction in our environment is getting beyond description"* (EXPERT01).

These respondents regard development to be more than physical structures, with the first respondent (BYSPDC01), from the SPDC operating area hinting at a focus on physical structures by the oil companies in order to boost their image (*kind of showpiece*). These projects are deemed to be undertaken without consideration for what the particular needs of the people are at the moment (*need things other than*) which further agrees with Eweje's (2007) view that projects should be undertaken with the beneficiaries of such projects in mind.

The second respondent (EXPERT01) notes that the kind of development being undertaken at the moment might not be long lasting, because it does not consider the depletion of the environment (*sustainable development*). These views show that even in terms of development projects or CSR activities there is a difference between the priorities of the oil companies and those of the host communities which could affect their relationships with each other.

The oil companies and the government are expected to collaborate:

*“This Company is a socially responsible company and it is the government that communities see and it is the government that they can confront, sending a false signal of non performance. If the much that is done by **Shell is complimented by government**, then the social will be a lot better”* (SPDCREP).

The SPDC representative indicates that the development in the region will be much better if the government supports the efforts of the oil companies through their CSR activities, with a hint of a reversal of roles (*Shell is complimented by government*). This is as a result of the government being seen as not carrying out its primary duties of providing development for the people (*false signal of non performance*), which affects even the oil companies because the people begin to blame the latter for the former's failures.

The host communities should be involved in their development:

*“The CDF model is one that enables the people to **identify their own problems** and not for outsiders to come and do that for them... It is not a system where you come and impose things on the people. They are consulted on what they deem to be their priority at the point in time and based on their feedback; we put together a sort of a Community Development Plan (CDP), which is usually a five-year development plan supported”* (NGO02).

This respondent emphasizes the role of the people in bringing about their own development with various considerations that they deem to be crucial in the achievement of such development (*identify their own problems*). This is deemed possible with an example of the CDF Model which has worked as a developmental system that has more impacts on the people and is also sustainable, because the people have ownership of the whole process as supported by NGOs. Interestingly, this model is presented as one that involves collaboration between the different stakeholders in the industry with the people making the key decisions based on their peculiarities.

From the analysis, it can be said that there is an identification of development as being the availability of basic amenities as well as the building of human capacity through skills acquisition, educational scholarships, employment and the award of contracts. The government is deemed to be a failure in this regard, so the oil companies are now expected to take up the responsibility with their CSR activities hence host communities seeing development as being synonymous with the contributions of the oil companies. As a result, host communities that feel that they have not had so much contribution from the oil companies paint a picture of their underdevelopment, while those who have are deemed to be more developed. However, it is noted that the oil companies sometimes tend to favour physical projects because of their image which such projects help them launder even when those are not the priorities of the host communities for whom these projects are meant. A lack of development in an area is claimed to lead to increased unemployment and poverty, making the people result to conflict and violence such as kidnapping and illegal bunkering

in order to earn a living. This negatively impacts the relationship between stakeholders in the industry and can only be improved with the involvement of all parties, especially the people in any development efforts.

7.3.4.3 License to Operate

This theme is deemed as being very important for the oil companies to operate in the area smoothly, because the oil companies no longer rely on the legal license given to them by the government as being enough to operate. All the respondents that discussed this theme agreed that this is very important:

*“I say that because more and more, they are beginning to become upbeat that apart from having a legal license to operate what business will **now need is the societal license to operate**. Without the government license we have seen that the state cannot operate in local communities where things are not right, Shell is a living example of that experience” (EXPERT02).*

*“They should keep to them 100percent, it is not just writing MOUs but keeping to the MOUs, it is **very very** important. I will want them to do that, emmm, see to the welfare of the community properly. I think, emmm, with that **we will give them their way to operate...**” (RVSTOTAL02).*

*“The **responsibility is principally** that of Management, since it is a license to operate issue and this is stewarded by specific departments (Venture Relations, Public & Government Affairs, Procurement) within the organization involved in high impact external interfaces” (EXXON-MOBILREP).*

The first respondent (EXPERT02) argues that this is now very important as there is the realisation that a company might have the legal permit to operate and yet not be able to if it lacks the right relationship with the host communities (*now need is the societal license to operate*). He then justifies his argument by giving an example of the case between SPDC and the Ogonis which led to the suspension of the former's social license to operate in the area since 1993. This

means that the company can have the legal license to operate and even be seen to be operating yet it is not operating freely because it has taken the host communities for granted. The second respondent (RVSTOTAL02), a community representative agrees that the communities actually have the ability to stop the oil companies from operating (*we will give them their way to operate*). The solution to averting such a situation is for the latter to ensure compliance with the terms of the agreements entered with the former which is emphasized with the use of rhetoric (*very*). The third respondent (EXXON-MOBILREP), a company representative agrees on the importance of this license to the companies and notes that they must undertake to lead the management of these relationships (*responsibility is principally*) as a way of maintaining this license. The use of this clause also implies that they would not do it alone, but in conjunction with other stakeholders because it has far reaching implications for the relationships between them. The above analysis shows that the oil companies require the societal license to operate in addition to the legal one granted by the government. However, the communities would not grant it based on the government's orders, so the oil companies have to work to earn it as well as maintain such after they have got it, which involves management of stakeholder relationships.

<u>The Government, Oil Companies and Development</u>		
<u>Sub-theme</u>	<u>Evidence from Data</u>	<u>Indication About Context</u>
Government	The government is presented as having several duties in the region which includes provision of basic amenities, monitoring, regulation, enforcement of laws and management of these relationships. However, it is not deemed	The data shows that inspite of having responsibility for community development in the region in addition to other duties, the government has not kept its duties. The shareholder status of

	as carrying out these responsibilities as effectively as it should and this is attributed to their 60% shareholding in JV partnerships with the oil companies.	the government tends to affect its effectiveness, as it always works to protect its interests by ensuring that the oil companies and their interests are protected.
Development	There is a general agreement that this theme is equivalent to CSR activities in the region, though there is variation about its diverse forms. It is highly referred to in terms of infrastructures, while a few think human capacity development is key to how this is implemented. It is further presented as relative across the region depending on the CSR activities of the oil companies. The host communities are expected to be involved for whatever development projects undertaken to have impact on them as they will identify their areas of need and priority.	The ineffectiveness of the government in terms of development has made the oil companies bear sole responsibility for this with their CSR activities. This results in too much expectations from the oil companies by the host communities as they now regard any development in the region to come from the oil companies. The absence of such expected development results in some form of agitation, leading to instability in the region.
License to Operate	This refers to the societal license to operate which the oil companies obtain from the host communities with their CSR activities. This is deemed as being responsible for the oil companies' efforts in ensuring that they maintain good relationships with the host communities. An example is given of the SPDC/ Ogoni case which led to the withdrawal of the company's societal license to operate since 1993 despite their possession of the legal license.	The influence of the host communities cannot be undermined as they can withdraw this license, making it difficult for the companies to operate as shown by the example. CSR activities remain the best way to keep these licenses from being withdrawn by these host communities, so must be taken seriously as they affect development in the region.

Table 7.5: Summary of the Government, Oil Companies and Development Findings

7.4 SUMMARY

This chapter has been used to validate the data from the surveys as analyzed in the previous chapter through the thematic discourse analysis of the semi-structured interview data, which involved an examination of the themes generated from these interviews. The findings from this chapter are summed up as follows covering the various discourses.

The three major stakeholders as identified by the surveys are confirmed here as being important, while the relationships amongst them are deemed to vary across the region. The nature of these relationships are deemed to be determined by different factors such as the management of these relationships by the three major stakeholders, bearing in mind that it benefits all stakeholders if these are managed properly. Also, how stakeholders react to what they deem as bad stakeholder relationship management impacts on the nature of these relationships with tension generated because the people are not given access to express themselves in the proper way through engagement and negotiations. This leads to increased participation by the host communities which further builds trust and makes the stakeholders interdependent on each other. Other attributes that make these relationships workable in the interests of all stakeholders are the management of the resources that are at stake, the influence of the different stakeholders and the implementation of the terms of the contracts they enter into.

The government is expected to play a vital role in making all these work, especially from a neutral point of an umpire as opposed to its present status of a JV partner in the industry which seems to have affected its effectiveness in

being neutral. Such neutrality that is meant to reflect the role of the government in the moderation of the interactions between these stakeholders when lacking, as in this case, then affects these relationships as social contract authors have argued (Locke, 1690; Rousseau, 1762). It is also discovered that aside from the legal permit to operate as granted by the government, the oil companies need to obtain the societal license in order to operate without disruptions. Every stakeholder benefits when this happens as the oil companies are able to increase productivity and keep their obligations to the government in the form of taxes and royalties, which the government is expected to use in the development of the communities. This further feeds back into the relationships between stakeholders thereby making them either good or bad, depending on how these are managed as outlined by the Micro-System Perspective Model earlier proposed in Chapter IV and discussed more in the next chapter.

The information gathered from both methods of data collection at times confirmed the literature, whereas at other times disagreed with it on various issues in this study. This is further discussed in the next chapter where the major findings are discussed in detail under the four broad themes earlier listed in this chapter. It is also important to note that these four broad themes as informed by their subthemes or codes are deemed to be instrumental to understanding the nature of the relationships amongst stakeholders in the industry. This will be further explored in the next chapter with two cases from across the region, which are the cases from Akwa Ibom and Rivers States.

CHAPTER VIII: DISCUSSION OF FINDINGS

8.1 INTRODUCTION

In this chapter, the researcher undertakes the task of discussing the focus of this study, which will involve certain aspects of the theories used to explain the findings from the last two chapters. This will be aided by a discussion of the major findings of the study that came out of the data with reference to information from the review of literature. As a result, the following sections reflect the four major findings as earlier indicated in the results presented and analysed in the previous chapters. The table below presents a sample of quotes from the respondents with an illustration of how the discourse elements used tell us about their viewpoints of the various issues under investigation in this study.

<u>Sample Quotes</u>	<u>Illustration of Discourse Element</u>
<p><i>“Primary stakeholders have more power and authority over secondary ones” (M04).</i></p> <p><i>“All activities take place in the environment; primary stakeholders have more legitimate powers and can influence the activities and programmes of the firm” (M17).</i></p> <p><i>“The secondary stakeholders are subjected to the primary stakeholders who are seen as the owners, initiators and regulators in the industry” (S07).</i></p>	<p>Common threads: These quotes give an indication of how the participants used this discourse element to show the difference between the primary and secondary stakeholders in the industry. This was done by the commonality of certain discourses across responses.</p>
<p><i>“To me, every stakeholder is primary so that we don't place some in secondary position and despise or undermine their interest- Government is the leader” (C59).</i></p> <p><i>“The most important, I have never thought of it in that line. You cannot do without one, they all sort of work together. It is like a circle, you cannot break it...I have not thought about the most important before, but if you ask me I will say the community people are the most</i></p>	<p>Variation: These quotes show some form of contradictions in the responses of participants both in answering one question as well as across questions. The first and second ones refer to identifying the most important stakeholder, while the last one concerns the agreements</p>

<p><i>important stakeholders” (NGO02).</i></p> <p><i>“If I may say agreement there is nothing like agreement, why I am saying there is nothing like agreement is that Mobil is supposed to have what we call the Memorandum of Understanding (MOU) with the host community... Yet still we don’t still have it, the understanding or MOU with them and they still operate here, the MOU that is existing now is between the state and Mobil, not Mobil and the host community...” (AKSMOBIL03).</i></p>	<p>entered between stakeholders in the industry. This gives an idea that the view being expressed by the participants should not be taken on their surface meaning as that may not be the whole picture of the situation on ground.</p>
<p><i>“They don’t care about our welfare, they don’t care about anybody whether we are dying or not” (C73).</i></p> <p><i>“I cannot identify good stakeholders because since time up set the stakeholder is bad so I cannot identify the good one” (C26).</i></p> <p><i>“They are not doing well in terms of employment, they are not doing well in terms of respecting the local content, and they are not doing well in the area of contracts. They are not doing well in the area of scholarship; they are not doing well in the area of community development” (AKSMOBIL01).</i></p> <p><i>“That is why they normally see all these blocking of the road, community people are blocking today or are blocking tomorrow because they have not given us access to tell them our problem, and they have not given us access to tell them our problem like what I told you” (AKSMOBIL03).</i></p>	<p>Rhetoric: These tend to reflect some level of seriousness and emphasis by the participants which results in them making use of phrases in a certain way, especially with repetitions. The use of these phrases here gives us an idea of the discourse being around a perceived lack of CSR in the area, which then leads to instability in the region. While this could also be positive, it is worth noting that in this study it was mainly negative as expressed by participants.</p>
<p><i>“I have worked with close to 20 communities spanning from Delta, Bayelsa, Rivers and Akwa Ibom States...” (NGO01).</i></p> <p><i>“As I am talking to you, I am a Youth President of all Presidents...” (AKSMOBIL03).</i></p> <p><i>“You know typically, Ibeno people and the environs were mostly fishermen, okay....” (AKSMOBIL02).</i></p> <p><i>“Well you know we have the government, the oil companies and the communities. Well, they are suppose to depend on each other ...” (EXPERT01).</i></p>	<p>Accountability: These quotes are those that are used by the interviewees to assert their credibility in discussing the issues under study. Also, the use of phrases that tend to appeal for understanding by the listener is deemed to be one of such too. These all tend to justify the positions subsequently presented by the participants in their responses.</p>

<p><i>“Going by the practice and activities of government and oil multi-nationals, stakeholders’ relations means nothing to me. This is due to the fact that the host communities, environment & NGOs that should have been primary stakeholders are sidelined regularly” (C79).</i></p> <p><i>“When there is hatred, betrayal, violence, war, deprivation of peoples’ rights and the youths” (M19).</i></p> <p><i>“No employment, no public amenities, bad stakeholder relations” (S29).</i></p> <p><i>“The relationship is like that of the cat and mouse thing. It is one that is full of suspicion, deprivation, fraud and lack of trust...So I can’t say they have a good relationship” (NGO01).</i></p>	<p>Extreme Case Formulation: These quotes indicate that in trying to make their views emphatic, the respondents make use of extreme case phrases or words. For instance the use of “means nothing to me”, “war”, “no employment”, “no public amenities”, “cat and mouse”, all of which may be exaggerations that are intended to reflect the deteriorated nature of the relationships amongst stakeholders in the industry.</p>
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Table 8.1: Illustration of Discourse Elements

The above table showing the different illustrations of the discourse elements used in the analysis and examples of these elements from the responses of participants helps us to have a better understanding of their perspectives on the issues raised. For instance, the way these participants make use of the different words and clauses that they apply in answering questions give us an indication of how they view the different aspects of the topic. It is also important to note that there is a reliance on storytelling in these responses, as this is regarded as crucial to discussions between individuals in the African community. Closely linked to this is the use of illustrations and examples from different scenarios and cases to expatiate on a particular topic under discussion. All of these can be seen in the use of the different elements highlighted in the table above, as the participants attempt to convey their views and perspectives about stakeholder relationships in the industry. Bearing this in mind, the next sections

further undertake the discussion of the four broad themes identified in the previous chapters.

8.2 The Nature of Stakeholder Relationships in this Context

In order to properly understand the nature of the relationships between stakeholders in this context, it was expedient to verify those previously identified by the literature as stakeholders. This study notes that such previous definitions and identification of stakeholders by authors have been mostly dependent on the firm being seen as the focal point. Freeman (1984) in laying the foundation for the popularity of stakeholder discussion defined stakeholders in terms of their link with the firm and some others agreed with this view (Freeman and Reed, 1983; Starik, 1994; Mitchell et al; 1997). This is determined by the impact had on the firm by the supposed stakeholder or the influence that it suffers from the former (Savage et al, 1991; Carroll, 1993). It could also be dependent on the stake possessed by the stakeholder (Fassin, 2009), the risk that it bears (Clarkson, 1994) or the mere fact that it has a relationship with the firm (Nasi, 1995).

All of the authors cited above indicate that a group cannot be deemed a stakeholder if it lacks an interaction or relationship with the firm; however, this study discovers this not to be the case. The firm itself could be regarded as a stakeholder as a result of its interactions or dealings with other firms upon whom it depends for survival and success. The argument here is that the resource should be regarded as the focal point determining who could be referred to as a stakeholder including the oil companies, based on such a group's relationship with the resource. This is supported by data from the field

which showed that without the resource being in existence, no one would have any right to lay claim to being stakeholders; even as respondents noted its importance. Some respondents made reference to a time when the oil resource in the ground would dry up and the oil companies will all leave since what brought them initially is no longer available; while the host communities will no longer have the impetus to claim that position with all its benefits. The government also will lose the revenue that it generates from the industry as well as the power it exerts, especially in the comity of nations as a power broker that contributes to energy production and supply. This results in the proposition of a stakeholder relationship matrix that takes away the focus previously given to the firm and gives it to the industry as represented by the resource. This is reflected by the diagram below,

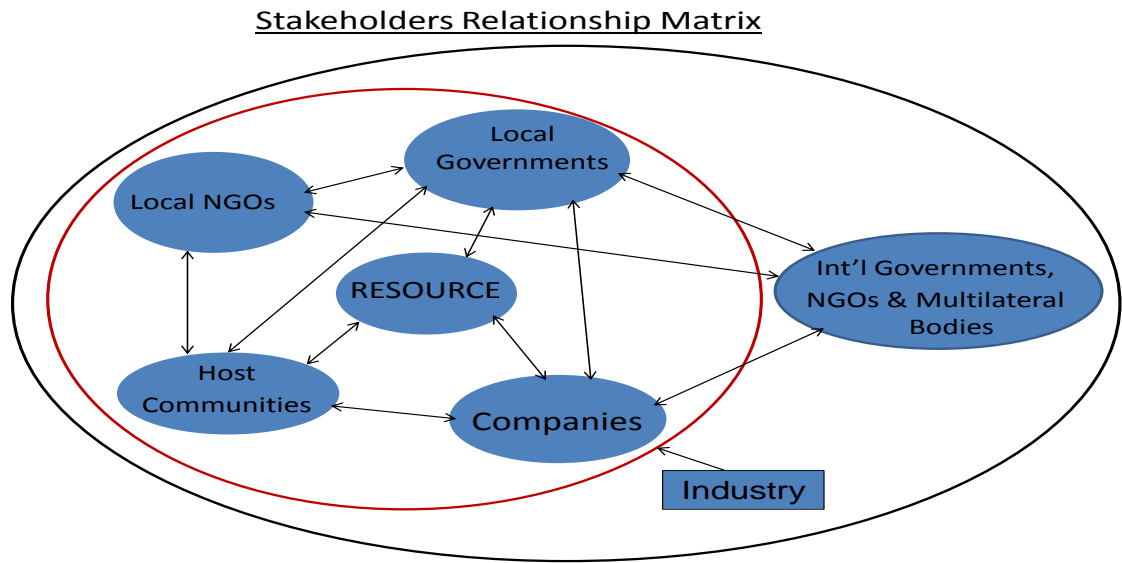


Fig. 8.1: Stakeholder Relationships Matrix

The above diagram shows two layers of stakeholder relationships which are the local layer comprising of all stakeholders within the specific industry under study

and the international layer consisting of similar stakeholders but on a global level. The stakeholders within the inner circle are deemed to have closer relationship with the industry by virtue of being in the immediate environment where the exploration activities take place, in this case the Nigerian oil industry. The oil companies, servicing companies, host communities, local NGOs, local, state and federal governments fall into this group of local stakeholders. On the other hand, the international stakeholders are those who might not be sharing physical proximity with the industry but have an interest in it through their affiliations with one or more of the local stakeholders. Examples of these are the foreign governments, donor agencies, international NGOs and multilateral bodies such as the World Bank and the IMF.

Also, as can be seen from the matrix above the various stakeholders have varying levels of relationships with the industry, even the local ones. Only the governments, host communities and oil companies have direct relationships with the industry, while others such as the local NGOs, foreign governments, donor agencies, international NGOs and multilateral bodies all have indirect relationships with the industry through one or more of the direct stakeholders. Hence, they exert their power or influence over the industry through their proxies which are those referred to earlier in previous chapters of this study as major or primary stakeholders. However, all of these stakeholders whether local or international can be deemed as being dependent on the activities that go on in this industry in various ways earning them the right to be called its stakeholders, the oil companies inclusive.

The claim to the resources which is deemed as being at the centre of the different interactions in the industry leads to the discussion of the nature of stakeholder relationships in the region. These have been presented by Wheeler et al (2002) as being strained, to the point that violence and conflict has been deemed a recurrent part of the people's way of life. Ite (2004) argues that this is a product of neglect suffered by the people living in the area, which Frynas (2001) insists has led to a volatile atmosphere of protests and agitations that have plagued the industry. It has been posited that these agitations have even led to conflicts and violence, further resulting in the loss of lives and properties (Hummels, 1998; Eweje, 2007). The literature presents the hostility prevalent in the region as being ubiquitous leading to the assumption that there is no good relationship between stakeholders anywhere in the region.

However, the evidence from the data does not agree entirely with this generalisation of hostility as being ubiquitous across the region, but that there is relativity of the hostilities witnessed in the relationships amongst stakeholders. The evidence from the field shows that while there may be hostilities in the region amongst different stakeholders, such hostilities are relative dependent on the utilisation and application of the mechanisms that enable these relationships to operate in the region. These are exemplified by key features that tend to impact as well as give an indication of the nature of these relationships across the different states of the region. All of these are influenced by the management of these relationships and the stakeholders' reaction to such management, which further contribute to their dynamic and relative nature making them vary from area to area across the region. In other words, when the host communities'

expression of their grievances or dissatisfaction with the actions of other stakeholders especially the oil companies is not properly done, such could lead to crisis. The same applies to a situation where the oil companies in such areas react to such expressions of grievances in a similar manner either by inviting the military or using their security personnel to exert force on the members of the host communities. As a result, we can assert that there is a strong relationship between the proper management of these relationships amongst stakeholders and the existence of outcomes that benefit all the stakeholders involved in the industry as shown by the evidence presented in the previous chapter. To further explore these issues raised from the findings in the previous chapters, the Micro-System Perspective Model earlier proposed in Chapter IV is used below to look at two cases from the data gathered.

Case of Negative Stakeholder Relationship in Akwa Ibom State

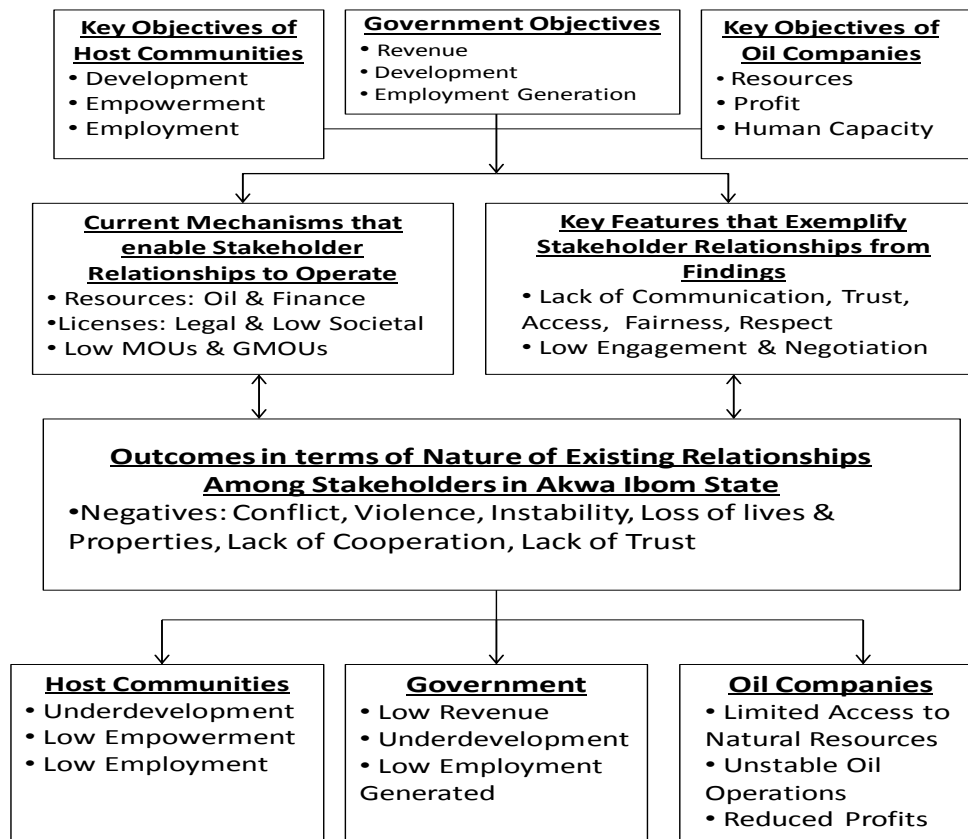


Fig. 8.2: Case of Negative Stakeholder Relationship

The figure above reflects a case of negative stakeholder relationship based on data from Akwa Ibom State which shows that the objectives of the three major stakeholders in the industry remain the same as in other states. However, there are differences in the application of certain mechanisms that make these relationships operate in the state. The resources and Legal licenses are available while the societal license is low meaning that the people are not very cooperative with the company operating in the area. In addition to these, the agreements entered into with each other are not respected or honoured by the different stakeholders in the state as well as not being renewed frequently to reflect the dynamic nature of social issues. Also, the key features that are

supposed to give an indication of the nature of the relationships in the state are either lacking or low, leading to negative outcomes for the different stakeholders in the state. Right at the end of the figure is reflected the specific outcomes that the different stakeholders derive from their interactions with each other. It can be seen that as a result of the low level of applications of the mechanisms that enable the operation of these relationships, it becomes difficult for these stakeholders to achieve the objectives stated at the top of the figure. This further means that if the stakeholders take advantage of each other in an unfair and disrespectful manner where the terms of agreements are not kept or power is abused such leads to distrust amongst them. The relationship in such a case is likely to be bad, which breeds negative outcomes such as violence and instability, underdevelopment for the host communities, loss in business for the oil companies and loss of revenue for the governments at various levels even as diagram above shows.

It must also be noted that the outcomes affect the mechanisms as well as the features which explains why there are double sided arrows linking both aspects of the diagram. For instance, the host communities in the above state seem to be speaking out of so much anger and disappointment with the actions and inactions of the company and the government at the various levels that they no longer seem to believe that things can be salvaged by these other parties. This implies that even when the company or government have good intentions to make up for their supposed failings, the host communities will be viewing such efforts with scepticism and suspicion because they have lost all the trust they had for these stakeholders as a result of previous experiences.

Also, the prevalence of violence, instability and other vices as reflected on the diagram above is always attributed to the host communities and their approach to issues, while the evidence shows that the oil companies and the government also contribute to aggravating the situations. They are said to do this by involving the military, even in cases where they could engage the host communities and negotiate with them on whatever the issues are, while also ensuring that they keep to the terms of their agreements with each other. As a result, the hostilities affect everyone in the region as the host communities are destabilized while the oil companies and the government are deprived of profits and revenues respectively. Nevertheless, the data presents the host communities as the most affected of all the major stakeholders based on their poverty and lack of education which limits how much they can mitigate the effects of such hostilities. The above case results in non-cooperative relationships where there is a high level of negativity amongst the stakeholders in their interactions with each other. This gets to the point where they do everything within their powers to undo each other or at the least work towards the achievement of their goals even to the detriment of other stakeholders. The Akwa Ibom State example given above is further supported by data from Delta State, as the oil companies and the host communities seem to be at loggerheads with each other as a result of perceived prolonged neglect, which the people interestingly further attribute to the nonchalance of government.

On the other hand, the data from Rivers State reflects the opposite of what is shown by the above diagram and this is represented by the diagram below

which further confirms the relative nature of stakeholder relationships across the region.

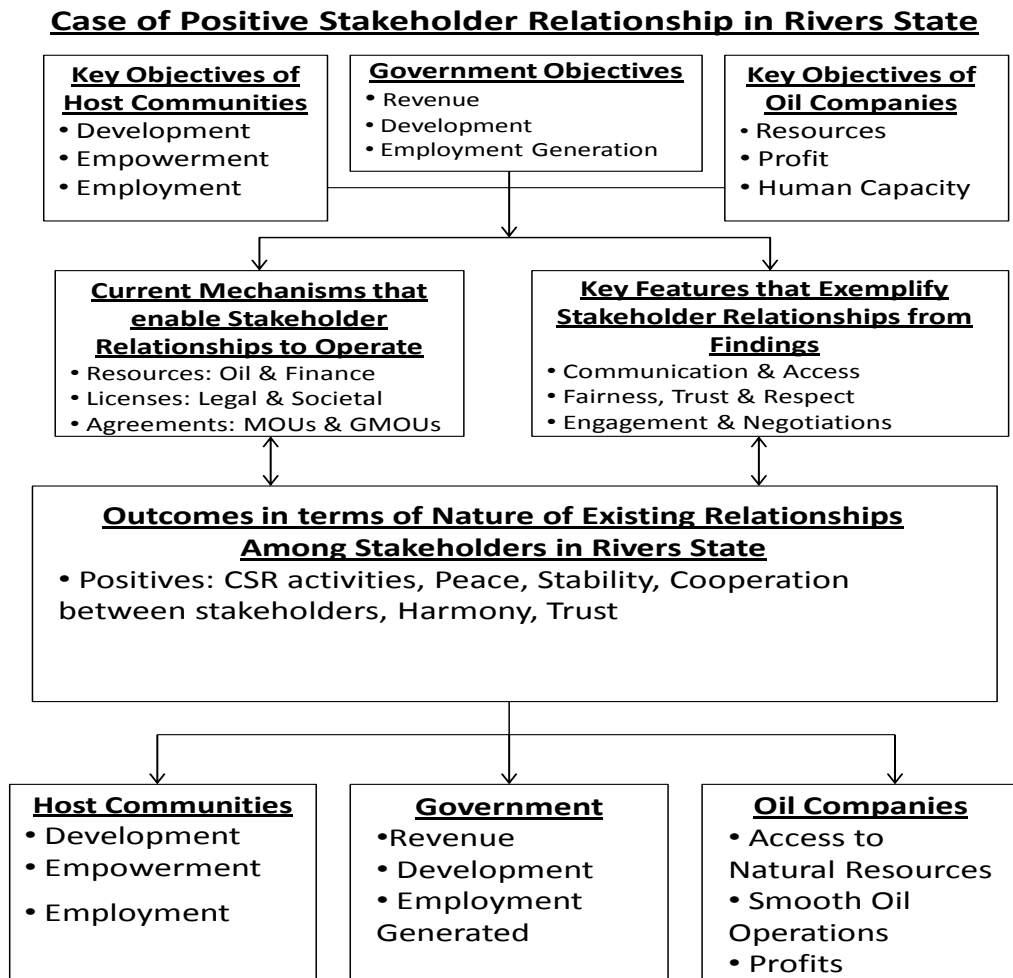


Fig. 8.3: Case of Positive Stakeholder Relationship

The figure above reflects a case of positive stakeholder relationship based on data from Rivers State which shows that the objectives of the three major stakeholders in the industry remain the same as in the last case discussed above. But the key difference between this particular case and the one presented above is in the application of the different mechanisms that make for the smooth operation of these relationships in the state. The resources are available, same as the legal and societal licenses, which gives an indication of

the cooperation existing in this state between the stakeholders. There also seems to be better responses with regards to the honouring and implementation of the terms of the various agreements entered into by the different stakeholders in their relationships with each other. This proper application of the different mechanisms that enable the operation of these relationships is further reflected by the diverse features that show the positive nature of the relationships between stakeholders in this state. These features which are deemed to be important in shaping these relationships include communication, trust, power, engagement and negotiations, influence, interest, respect, honouring of agreements and fairness. So, in a situation where there is proper communication and dissemination of information between the stakeholders, trust, respect for each other, proper use of power, engagement when issues arise, honouring of agreements and everyone is treated fairly there is bound to be peace in the industry.

The diagram above further shows that the proper application of the mechanisms listed above as well as the right use of the features indicated results in positive relationships between stakeholders. This results in positive outcomes where the different stakeholders are able to meet their diverse objectives as shown at the top of the diagram above. Aside from the more general peace, stability, harmony and cooperation which everyone enjoys from their interactions with each other in the industry, there are more specific outcomes that are peculiar to each stakeholder. Examples of these development and CSR activities which are made available for host communities, more revenue for the government at all levels and more profit for the oil companies operating in the area.

Just as in the previous case, the outcomes from the kind of relationships existing between the stakeholders in the area which are positive feedback into the application of the mechanisms as well as the key features that show the nature of the relationships between stakeholders in the state. Furthermore, the proper application of these mechanisms and the key features lead to more cooperative relationships between the stakeholders which works for the benefit of all stakeholders involved. Interestingly, the different stakeholders interacting with each are able to meet their different objectives as the outcomes accruable to them are positive.

The above discussion shows that contrary to previous literature, the nature of stakeholder relationships in this context is relative and dynamic from one area of the region to another. This is influenced by the different mechanisms that enable these relationships amongst stakeholders to operate and how they are managed by these stakeholders as they interact with each other. The nature of these relationships amongst stakeholders in the industry is exemplified by the key features listed above from the two cases presented. These are reflected by the data from the field as being responsible for the varying nature of stakeholder relationships in different parts of the region, as shown by the diagram above. So in some states studied in the region there are positive stakeholder relationships leading to cooperative relationships between the stakeholders while in others the relationships are negative and non-cooperative in nature.

8.3: The Importance of Agreements and Negotiations

There have been different discussions about the role of contracts or agreements in shaping relationships between different actors, including

individuals and institutions. Such discussions have occupied social contract theorists as far back as the times of ancient theorists such as Hobbes (1651), Locke (1690) and Rousseau (1762), with support from authors such as Rawls (1971), Buchanan (1975; 1977) and Hume (1985). Binmore (1994) regards contracts as being responsible for ensuring that there is equity and fairness in such interactions between actors, while Kaufman et al. (2005) posit that this happens as the contracts act as control mechanisms to dictate the behaviours of actors. Earlier theorists argue that these contracts were responsible for the formation of society and as a result must be relied upon in order for these relationships to be sustained as members of society cannot be trusted to always do what is right voluntarily. This is only deemed possible when the implementation and enforcement of these contracts or agreements is ensured by a neutral body that acts as an umpire that does not take sides with any of the parties involved in the relationship.

The evidence shows that contracts or agreements between stakeholders in the industry are very crucial to the management and maintenance of the relationships they have with each other. The importance of these has even been emphasized above with the discussion of the two cases from Akwa Ibom and Rivers States. In the industry, not all stakeholders were parties to the initial agreements entered into before the commencement of oil exploration activities, as these agreements were between just the oil companies and the government. This has led to different agitations by the host communities as they did not see themselves as making any contributions to the decision making process, as they were relegated to the background by the other two major stakeholders.

The realisation of the importance of having these agreements with the major stakeholders led the oil companies to come up with MoUs and GMoUs as ways of reducing the conflict previously experienced in the region. These are deemed to have worked to a great extent but have not been very efficient as the host communities are not properly engaged through negotiations in the process of assembling these documents, which are argued to be mostly reflective of the desires of oil companies. In other cases when the host communities have been involved in the negotiation processes leading to these agreements, their representatives have either not been competent enough to properly negotiate as they lack the requisite skills and capacity, or they have just mortgaged the interests of the people for their personal pecuniary interests. The GMOU model can be seen as being in line with Minkler's (1990) view that CSR must be based on the collective identification and resolution of challenges by the people themselves.

Also, the renewal of these agreements is considered to be as important as their implementation, because some of the issues addressed in an agreement signed over five years ago may not be relevant today. This is underlined by the dynamic nature of contracts which must be taken into consideration (Donaldson & Dunfee, 2002), further emphasising the need for periodic renewal of these to reflect the current issues of the time. The data shows that how often the stakeholders involved in the different parts of the region undertake renewal of the contracts between them is influential to the nature of the relationships amongst them. For instance, it can be seen that the relationships between the stakeholders in Akwa Ibom State differ from those amongst the stakeholders in

Rivers State as illustrated by Figs. 8.2 and 8.3 above. This can partly be attributed to the length of time it takes before the agreements between them are renewed, as the Exxon-Mobil representative clearly stated that the contract they signed in 1998 was operated for over 10 years without renewal. This is against the practice in the industry where the oil companies are meant to undertake renewal at most every 5 years, which further explains why the relationship between the stakeholders in the area is deemed to be very bad by the respondents that participated in the study.

Furthermore, the role of the government as a referee or umpire that ensures compliance with the terms of the agreements by all stakeholders have been neglected by the former, making it easier for the latter to flout these agreements without any repercussions. The government is expected by the literature (Locke, 1690, cited in Deinstag, 1996) as well as the respondents to act as a trustee and not an equal party to the contract amongst stakeholders. However, the Nigerian government is a Joint Venture (JV) partner with the Multi-national Oil Companies (MOC) operating in the industry, which could be the reason why the data shows the government as not being impartial in its regulation of the industry as expected. One respondent (BYSPDC01) regards the role played by the government as being protectionist in favour of the oil companies in its attempt to ensure that nothing disrupts the flow of revenue from the industry. This is supported by another respondent (EXPERT01) who claims that the relationship between the oil companies and the government is stronger than what exists between any of these and the host communities, as a result of their working together to protect their interests of more profit and revenue

respectively. The implication of this is that most stakeholders do not attend to the terms of these agreements with seriousness, especially the oil companies, making the relationships that rely on these agreements to go sour in some cases. The different areas of the region and the kind of relationships existing between stakeholders operating there have been reflective of the implementation and the renewal of the agreements entered into by the different stakeholders there. In areas where the agreements are implemented above average as well as renewed frequently, the stakeholders are seen to be relatively at peace with each other while in other areas where implementation and renewal have been deemed poor the relationships between them have also been regarded as very poor.

This emphasizes that to have cooperative relationships existing between the stakeholders in the industry; every party to any agreement must do their part in ensuring that they keep to the terms of such agreements as doing otherwise leads to non-cooperative relationships. Therefore, these agreements act as the rules or mechanisms that control the actions of the stakeholders in their interactions with each other, especially when these rules are obeyed by all parties involved. This results in an expectation that the umpire which is the government compels every stakeholder to keep to their part of these agreements, while punishing defaulters whenever there is a need to do so. By so doing, the relationship between these stakeholders will be much improved further resulting in benefits for all parties in the industry as can be seen from the data from the different parts of the region. It has been shown above how important the agreements entered into by stakeholders in the industry impact

the relationships between the stakeholders in the industry, so long as all stakeholders are involved in their negotiation, implementation and renewal.

8.4: Discourses around Power and Dependence

There have been different discussions over the years about how power balance and exchanges affect relationships between humans and institutions, even as Weber (1947) argues that power is important as it decides control of such a relationship. In the context of this study, it is important to note that previous authors have presented the relationship between firms and their stakeholders as being controlled by such firms because of the latter's dependence on the former. It is even argued that it is such dependence of group on the firm for the achievement of its goals that actually grants it a stakeholder status (Rhenman, 1964, cited in Nasi, 1995). Freeman (1984) in laying the foundation of the popularity of stakeholder discussion defined stakeholders in relation to their links with the firm, specifically in terms of interests and influence. There have been different views about these as being important in stakeholder issues, as influence is also referred to as impact (Savage et al, 1991; Carroll, 1993) while interest is called stake (Fassin, 2009). Mitchell et al (1997) proposed that such stakeholders who have relationships with the firm must work towards ensuring they are deemed important by those firms through their use of power, legitimacy and urgency. Agle et al (1999) argues that the proper use of these attributes result in making the stakeholder more salient in their relationships with firms.

This study argues that power, urgency and legitimacy alone cannot grant a stakeholder the salience it requires to be seen by other stakeholders as important, even in addition to the other attributes proposed by other authors.

Frooman (1999) posits that resources and the dependencies they create are crucial in the determination of power balance in any relationship between stakeholders, as a dependent stakeholder will be less influential as it deals with others. Also, Eesley and Lenox (2006) regarded resources as being important in making stakeholders powerful in their relationship with stakeholders, though it was only treated as an aspect of the attribute of power. As a result, it is argued that resources held by different stakeholders should be seen as part of the attributes that could increase their salience in relationships with other stakeholders.

The data shows that the resources are the main reason why there are relationships between the stakeholders in the first place; meaning that in the absence of the resources there would be no such relationships. The resources being discussed here are reflective of the interests of the different stakeholders involved in the relationships in the industry so are not just limited to the natural resources such as oil and gas. On the contrary, everything that the different stakeholders aim to benefit from their relationship with each other, either for operational purposes or for the improvement of their lives and situations. For the oil companies, they are keen to obtain the natural resources as represented by the oil and gas as well as profit from their operations, while the host communities and governments are interested in community development projects and revenue respectively for their different purposes. For the shareholders, employees and suppliers the resources that they hold are the needed capital, skills and the materials respectively as needed by other stakeholders with whom they are interacting. The pursuit of these diverse

interests and the different controllers of access to them contribute to the determination of the power balance and dependency between these stakeholders.

The data further shows that the lack of equitable distribution of these resources has led to agitations by the host communities, which has resulted in their quest for resource control. This is hinged on their belief that the government which is entrusted with the responsibility of ensuring that these resources are shared to all stakeholders accordingly have not lived up to such expectations. Hence, they argue that if they control these resources, they would be responsible for themselves and not depend on the government or the oil companies to improve their lives through community development or CSR projects (as discussed in detail in the next subsection). Consequently, these resources are deemed crucial to the determination of who controls the power balance in the relationship as any stakeholder that is deemed to lack the resources needed by other stakeholders would not be given attention even though it might possess the other attributes. Suffice it to say that it is the resource that a stakeholder possesses that grants such a stakeholder the legitimacy talked about by Mitchell et al (1997), which is why the NGOs are not regarded as direct stakeholders in the industry even though they have influence. As a result of NGOs not possessing resources deemed to be critical by the firm, they can only influence the decisions and actions of the oil companies either through the other direct stakeholders of the oil companies or by representing the interests of such stakeholders.

The debate over who depends on the other in the relationship between the firm and its stakeholders seems to be in favour of the firm, but it should be noted that it is actually an issue of inter-dependence on each other (Frooman, 1999; Froelich, 1999). Such dependence is determined by the needs of either the stakeholder in question or the firm, in terms of how critical such needs are viewed by the other party. From the above discussion, as shown by the data analysed in the previous chapters it can be seen that while the power balance at a particular time can be in favour of the firm, such can quickly change to the host communities or any other stakeholder. This is hinged on such a stakeholder possessing the required resources deemed critical by others or controlling access to them.

8.5: The Government, Oil Companies and Development

The discussion of CSR can be summed up in how businesses carry out their operations with consideration for the impact of such activities on the environment where such is carried out and the people living there. On the other hand, it is seen as being the activities or initiatives which businesses undertake that are deemed to be helpful in assisting them with the improvement of their relationships with members of the host communities where they operate (Burchell & Cook, 2004). In the Nigerian oil industry, such CSR activities now seem to be seen by members of the host communities as their right owed them by the oil companies operating in the area, as a result of the lacklustre performance of the government which has the primary responsibility of making these available (Eweje, 2006; Idemudia and Ite, 2006; Ite, 2006). This tends to make CSR more of a social obligation expected of these oil companies by the

members of the host communities in the region, as earlier noted as the perspective of CSR taken for this study (see Section 3.2.6). Hence, these CSR activities have over the years become a key feature of the operations of the oil companies as they now make effort to ensure that they are seen as doing something to alleviate the situation of the people in the areas where they operate.

The data gathered for this study confirms that aside from law-making, enforcement and regulation of activities within the industry, the government has primary responsibility for ensuring that the country is developed which includes the region. However, the respondents agree that the government has not fulfilled these responsibilities, especially the aspect of providing development for the people. As a result, there is so much importance attached to the CSR activities undertaken by the oil companies by people from the host communities, as these are now seen by them as the only way that they can get the development that they earnestly yearn for. Such level of importance placed on these CSR activities or initiatives shows that they impact on the relationships between stakeholders in the industry depending on how well they are implemented by the oil companies. There are similarities between the different aspects of CSR identified by authors (Eweje, 2007; Ojo, 2009; Idemudia, 2009) in the literature as being undertaken by the oil companies and the ones that the participants mentioned in the course of the field work.

The main CSR activities identified were the provision of healthcare facilities, provision of drinking water, building of schools, roads and hospitals; as well as human capacity building through the provision of scholarships to students, skills

acquisition and loan schemes. These have been seen as being reflective of community development by the authors mentioned above, as such projects and activities contribute to improving the well being of the host communities. The participants agreed that these various initiatives are the ones undertaken by the oil companies at various points in time at varying levels, but that sometimes these are not carried out in conjunction with the host communities thereby leading to crisis. The implication of this is that these CSR activities can be used to impact the relationships between stakeholders, but they must be undertaken with a consideration for the demands and expectations of the host communities for whom these projects are meant (Eweje, 2007).

The data further shows that as a result of the views held by members of the host communities about whose primary duty it is to provide these infrastructures, they often expect too much from the oil companies not realising that it is not the latter's responsibility. Hence, their attempts to deploy force in order to get the oil companies to deliver the expected infrastructures in their various areas. However, where the oil companies undertake these initiatives by involving the host communities through their leaderships and the government, the relationships between them are said to be better than other areas where these initiatives are absent. For example, we can see from the data that in Rivers state where most of the developmental projects in the area are said to be provided by the oil company operating there, the resultant cooperation has led to better relations between the stakeholders in that area. On the other hand, in Akwa Ibom state where there is little development which could be attributed to the low engagement in CSR activities by the oil company operating there, it can

be seen that the people seem to be keen on getting their needs met by all means possible.

Also, it is important to note that while CSR activities can affect the relationships between stakeholders; these relationships can also affect how the oil companies decide to undertake such activities. In other words, for CSR to be successful the stakeholders must be supportive and cooperative with each other which is a product of trust and confidence in each other (Andrioff & Waddock, 2002). For instance, in areas like Delta and Akwa Ibom states where the people have become so disgruntled that they no longer tend to trust whatever the oil companies say, it will be very difficult for the latter to convince the former of their plans and projections. Likewise, in such areas where the relationships are bad, it is evident from the data that there will be no peace in the area leading to firms and contractors given contracts to execute projects finding it difficult to complete such projects as a result of the instability in the area.

The state of crisis in the region is linked to what can be referred to as a societal license to operate which a respondent (EXPERT02) stated has now become important for the oil companies to continue operations in the region despite having the legal license to operate as granted by the government. The acquisition and maintenance of such a social license to operate is facilitated by the proper engagement of CSR activities in different parts of the region. This indicates that the oil companies can undertake to manage their relationships with their stakeholders properly through the execution of CSR activities, but that these must be done in conjunction with the host communities in order to rightly

address their specific and critical needs. This is underlined by the views of respondents that sometimes the oil companies undertake these projects without any consultations or engagements with the host communities to find out the criticality of such projects at that particular time. So when a community might be seeing its critical area of need as being that of human capacity development through skills acquisition schemes and the oil companies provide potable water, it does not meet the people's specific need at that time and so is not deemed critical. This results in the project undertaken by the oil company in question not being valued by members of such a community since it does not address their specific and critical areas of need. This is reflected in the example given by respondent NGO01 about women who preferred fetching water from the river to having a borehole built for them because of their peculiar reasons.

Also, it is claimed by respondent BYSPDC01 that the oil companies are keen on undertaking physical projects as a way of boosting their public image, even when the communities for whom such projects are meant do not deem such to be their areas of priority at the time. These cases cited by the interviewees show that sometimes there is little agreement between the oil companies and the host communities in terms of what they regard as being important CSR activities (as earlier presented in Chapter III). This shows that CSR is not always about infrastructures and physical projects, as other areas of the people's capacity also need to be developed to really put them in a better position (Muthuri, 2007; Idemudia, 2007). Considering that these CSR projects are aimed at the improvement of the lives of the host communities, the lack of negotiation with such communities by the oil companies in executing these

projects makes one wonder if these projects are really for the benefit of the former (Eweje, 2007). This is further underlined by the data in Chapter VII which shows that while the oil companies emphasize engagement in their dealings with the host communities, the latter would prefer consultation and negotiation as that gives them a real chance to make contributions to these projects that are meant for them. It is only normal for one to expect that the communities that would be making use of these projects be in a better position to know what their most crucial needs are at any point in time, which the oil companies would not always know unless they negotiate and engage the former.

Hence, the role of the government in making all these work better is seen as crucial, as the government is expected to play its role in making development available to the people as part of its mandate of office. By so doing, the oil companies can then support with CSR activities, being that they pay taxes and royalties to the government and the relationships between stakeholders in the industry will be highly improved far beyond what it is at the moment. The position here is that CSR activities impact the relationships between stakeholders in the industry, with a positive correlation between such activities and the relationships between stakeholders in different parts of the region. In consideration of this, it is expected that the government that has responsibility for such development should undertake them while the oil companies also do their best to ensure that their CSR activities contribute to improving the situation of the people. This further results in the oil companies retaining their social license to operate in addition to their legal license to operate, thereby making it

possible for them to continue to operate and make all their stakeholders benefit from oil activities in the region.

8.6 SUMMARY

This chapter has looked at the four main findings from the previous two chapters of analysis, with a discussion of them in the light of the literature earlier reviewed where necessary. These major findings are a confirmation of what the literature states in some cases, while in others they tend to illuminate some aspects of the issues earlier raised by the literature. The discussion here shows that the discourse of the relationships between stakeholders in the industry is a dynamic one that is affected by the happenings in the environment, with some impact on the actions of the people living there.

As a result, it can be seen that the words and clauses used by participants in different areas of operation across the region are reflective of the nature of the relationships there, especially between the host communities and the oil companies operating there. These are used with a realisation that story-telling and rhetoric tend to form a core of the interactions between individuals in the African community. These usually give an indication of a person's disposition when it comes to actions as influenced by the relationships they have with each other. These findings as discussed above show that the relationships between stakeholders in the context of this study are relative and dynamic in nature, as against the generalised view of total conflict hinted at by previous authors. These relationships are positive and cooperative in some areas of the region as exemplified by the Rivers state case presented above, while in others they are negative and non-cooperative as reflected by the Akwa Ibom State case also

shown above. Interestingly, these could also change over time depending on how the different stakeholders apply the mechanisms posited above as being influential to the operation of these relationships as well as the features highlighted as indicative of the nature of these relationships. These in concert with each other have a way of impacting the relationships between the different stakeholders involved, leading to either positive or negative outcomes for the different stakeholders. Also, it is noteworthy to reemphasize that these outcomes actually feedback into the interactions that take place between the stakeholders, thereby affecting the mechanisms and key features deemed to determine the nature of these relationships. Added to these are the roles of the oil companies and the government in ensuring that there is development in the region through their CSR activities and delivery of their primary duties respectively.

In the course of this discussion, the major findings out of this study have been identified which are further highlighted in the next chapter as a way of concluding this study.

CHAPTER IX: RECOMMENDATIONS AND CONCLUSION

9.1 INTRODUCTION

This chapter is the culmination of the process that started in chapter one, which as outlined by that chapter set out to examine the nature of the relationships existing between stakeholders in the Nigerian oil industry. Previous studies had indicated rightly that these relationships are strained and bad, but there were assumptions that such bad relationships were the same across the entire Niger Delta region. To properly understand these relationships, this study undertook to view them in the light of the social contract that exists between the stakeholders in their bid to access different resources that they deem critical to them. This was to be approached by having a look at how these are impacted by the different ways that the oil companies go about their CSR activities in the region.

In furtherance of the study's aim and for better understanding of the issues, the following objectives were set to be achieved;

- To identify the stakeholders of the Nigerian Oil Industry as well as explore their salience in the context of this study.
- To understand the nature of stakeholder relationships, by examining the mechanisms driving them in this context.
- To understand the impact of Corporate Social Responsibility (CSR) on the nature of stakeholder relationships in the industry and vice versa.

These objectives have been met as the different stakeholders have been identified by the study, with a focus on the role of the three major stakeholders in the industry (the Government, Host Communities and Oil Companies). These

stakeholders have been identified by a triangulation process that involved both the data gathered and the literature reviewed during the study, with agreements between them. In identifying these stakeholders, it has also helped in the exploration of the nature of the relationships that exist in the industry amongst these stakeholders, especially with a consideration of the different mechanisms that drive these relationships. There has also been a discussion of how the power balance and dependencies between these stakeholders are determined by their control of the resources in the industry, with these broadly reflected by their interests and influences on others. Finally, the study presents how these CSR activities impact the different relationships between stakeholders in the industry making them either cooperative or non-cooperative, while also being affected by the features of these relationships. The study has shown that as a result of government ineffectiveness in the provision of development, the people now look up to the oil companies for the improvement of their welfare through their CSR activities thereby making these projects crucial in enhancing community development and stakeholder relationships in the industry. This leads the perspective of CSR adopted in the course of the study being confirmed by the data as being one that is deemed by the host communities as social obligation owed to them by the oil companies operating in the region.

Considering that there is the possibility for a study to lose its focus in terms of undertaking data collection if the right questions are not asked in line with the above objectives, an overarching question to guide the research was asked. This was based on the gap found in the literature which showed that previous studies undertaken on the Nigerian oil industry in relation to CSR have always

focused on the practice of CSR in the region, with less attention to the relationships that shape such CSR practices. To address this gap, this study asked an overarching question which was,

What is the nature of the relationships that exist in the oil industry?

To further illuminate the answer to the above question, answers were sought to a few other sub-questions as shown below;

- What are the features that impact the nature of the relationships in the context?
- How do stakeholder relationships and CSR activities affect each other in the industry?
- To what extent are dependencies established and are these determined by resource availability?
- How do agreements impact the nature of these relationships?

9.2 MAJOR FINDINGS OF THE STUDY

As indicated above, this study was aimed at examining the nature of the relationships between stakeholders in the Nigerian oil industry and this has led to some findings, with the major ones outlined below. It was discovered that the resources that are available and exchanged between the stakeholders are crucial in the determination of who the various stakeholders are as well as the level of influence that they wield in these relationships. These resources which are in various forms for the different stakeholders are identified as being the main reason why these relationships exist in the first place. This makes it very important that the different stakeholders make effort to ensure that they manage and control such resources in ways that are beneficial and fair to all other stakeholders with whom they have interactions. The management of these resources is mainly the responsibility of the government and the oil companies,

though every stakeholder is meant to contribute to ensuring that these resources are properly managed to benefit every party involved.

The relationships between stakeholders in the industry were seen to be relative in nature across the region, with these being closely connected to the level of CSR activities undertaken by the oil companies operating in different areas. This further reemphasizes the social obligation perspective of CSR mentioned earlier on in the study as being the prevalent view in the region, especially by the host communities. As a result, in areas where CSR activities were perceived to be low there was a high level of crisis and bad relationships between the stakeholders, while the opposite is the case in areas where the CSR activities are evidently on ground. These CSR activities have become synonymous with community development in the region as can be seen from the significance placed on them by members of the host communities who think they have been left behind in terms of development. This is not just in the area of infrastructural projects but also the aspects of human capacity development and empowerment, which the people regard as being crucial to their long term development in a sustainable way.

The government has been shown by the data as lacking in carrying out its primary responsibilities of providing basic amenities for the people, thereby making the CSR activities of the oil companies to become unnoticed despite the efforts being put in by the latter. This is also supported by the works of authors on the subject such as Eweje (2006), Idemudia & Ite (2006) and Ite (2006). This has attracted different responses from the host communities, as the oil companies are seen as not being concerned about the welfare of the people

despite the profit they are making from the area. In addition, the government is not seen to be enforcing the many regulations that would aid the smooth and proper running of oil operations in the industry and this is seen as a major reason for the level of instability and insecurity in the region.

A similar example is the role played by the US government during the Gulf of Mexico oil spill of 2010 in ensuring that BP took responsibility for the result of its operations in the area. Hence, if the Nigerian government could be responsive and alive to its responsibilities, then most of the issues and crises experienced in the region will be drastically reduced thereby improving stakeholder relationships. The people also think that the best way that government can be effective and impact the industry is to assume its rightful place of a sovereign that should not be a party to the agreement but just an umpire, in order for it to rightly discharge its functions and duties. The government presently holds majority shares in most of the major oil companies as part of joint venture arrangements as earlier discussed in various chapters and this affects how it mediates between stakeholders when there is misunderstanding amongst them. The Petroleum Industry Bill (PIB) which is about to be passed into law is said to be aimed at addressing some issues including this, which would then put the government in a neutral position of an umpire. Closely linked to the government is the prevalence of corruption which has become such a menace in the country that it can be felt in almost every strata and department of government. This has also been regarded as being one of the major reasons why the level of underdevelopment seen in the region is still at its peak because the revenue

generated by the government is not utilised properly to improve the lives of the people.

Another finding is that there was no agreement between the major stakeholders, government, oil companies and host communities before the commencement of oil exploration in the country; though there were agreements between the government and the oil companies granting the latter the legal license to operate. As the operations carried on, the oil companies realized that this was causing instability in the area as they could not leave out the host communities entirely and operate peacefully in the region. This led them to come up with new agreements known as Memorandum of Understanding (MoUs) and Global Memorandum of Understanding (GMOUs). The latter agreements were signed with a cluster of communities while the former was signed with specific communities. These new agreements have been working well but not at their very best as a result of defaults on the part of all signatories, oil companies on the one hand and the host communities on the other hand. The stakeholders regard the agreements to be very important in their relationships with one another, but deem the implementation and honouring of such agreements to be as important too. To further make these agreements work, members of the host communities want to be more involved in the drafting of these documents through negotiations and engagements as these give them a sense of belonging which spurs them to ensure these documents are implemented appropriately.

9.3 *IMPLICATIONS OF FINDINGS*

The findings highlighted above have implications for both research and industry, since the issues discussed relate to both aspects. Theoretically speaking the implications of the findings of this study will make for further investigation and testing of theories relating to stakeholder relationships and CSR. The inclusion of resources as an attribute possessed by the stakeholder that contributes to its salience level expands the previous work of Mitchell et al (1997) on stakeholder salience. There is also the charting of new paths for the use of both social contract and resource dependency theories in understanding relationships between individuals and institutions, especially when there are resources involved in such relationships.

For the industry, the implications of the findings of this study are numerous though they are mostly related to the improvement of relationships between stakeholders. These findings make the oil companies realise that the host communities are expecting more from them and that if they undertake more CSR activities then they would experience peace within their areas of operation and so increase their profit. There is also the difference between what the host communities deem to be their areas of need and what the oil companies regard as being priorities for these communities, which can only be reconciled through engagements with the former. Also, the importance of honouring the MOUs and GMOUs entered into by the oil companies with their host communities is brought to the fore making it very clear that the impact of these agreements on their relationships can be far reaching if taken seriously. All of these make the oil companies have some level of control over these relationships with their

stakeholders, thereby ensuring that they have access to the scarce resources that they critically require for their survival and profitability in the industry.

On its part, the government gets to appreciate that it would be playing a more important role by becoming neutral in the industry as envisaged to be the situation from the passing of the PIB law, as this would mean it assuming its role of a mediating sovereign who has no interests in the industry. Also, it appreciates that it has a crucial role to play in ensuring that stakeholder relationships remain cordial by enforcing the expectations and obligations of these stakeholders in the industry as set out in agreements and contracts reached amongst them. There is also the illumination of how much burden is placed on the oil companies by the government's neglect of its primary responsibilities of providing development for the people through the availability of basic social amenities.

The host communities will appreciate that the much anticipated development, infrastructural and otherwise, that they seek cannot become a reality if they do not give peace a chance and work in partnership with the oil companies and the government to make things work. It is also made clear that the host communities do place a lot of expectations on the oil companies, most of which are misplaced as some of such are actually the responsibilities of the government. They are also made to understand that their internal systems of leadership and interaction affect their relationships with other stakeholders, so they must endeavour to minimise crisis in such interactions.

All stakeholders in the industry will then appreciate that their benefitting from these relationships with each other depends on how they manage these relationships, as no one benefits when the region is fraught with crises and acrimony amongst stakeholders. They also get to see the importance of honouring agreements once they are reached, considering that doing otherwise goes a long way to impact on the level of trust they have for each other which in turn affects these relationships between them.

9.4 *CONTRIBUTION OF THE STUDY*

This study has revealed an important distinction in the development of our ideas on stakeholders and their relationships by demonstrating that it is the relationships which hold the key to understanding how stakeholders behave in an industrial setting. A key contribution of this study is the proposal of a Micro-Systems Perspective Model earlier on in Chapter IV (see Fig. 4.4 on p.108), which posited that the different stakeholders involved in relationships with each other usually start such relationships with varying objectives. However, such objectives cannot be achieved if the different mechanisms that facilitate the smooth operation of these relationships are not properly applied. Such mechanisms as the resources must be properly utilised while the licenses acquired must be maintained by all parties involved by respecting the terms of their agreements with each other. This model is used to assess findings from the data gathered and it showed that the objectives of the three major stakeholders in the industry were met only when there was proper application of the mechanisms that enable positive stakeholder relationships, as reflected in the key features. Also, the model proposes a separation of the government with

its objectives, roles in the industry and outcomes from those of other stakeholders as it is deemed to function effectively when it plays an unbiased role in the operations of the industry. This will involve relinquishing the current shareholding structure present in the Nigerian oil industry, as later emphasized in the recommendations put forward by this study.

Also, this contribution could be linked to academia with regard to social contract theory in terms of the role of the government as an umpire or sovereign that does not have direct interests in the activities in the industry. This is deemed to be the case as it helps to eliminate bias on the part of the government in its administration and regulation of the industry. The position is that when a government has direct shares in an industry, as in the context of this study where the government has majority shares in Joint Venture partnerships with the major multinational then it affects its neutrality and objectivity in the industry. The theory is further enhanced by the finding which indicates that when this happens, it leads to an abuse of the trust reposed in the sovereign or government in this case.

Another contribution is that previously, stakeholders were deemed to hold two-way directional relationships with the firm (who acts as a central locus for the interactions) which ignored relationships between stakeholders. This study has shown that, not only are these additional relationships important to the ways in which all of the relationships develop, but that in fact the central locus is the industry – i.e. the exploitation of oil resources – and that additionally the resource is central to the development of stakeholder relationships. Hence, this study has shown a novel and more accurate means of examining stakeholder

relationships, which in turn will allow a greater understanding of both stakeholder relationships and CSR. In this way, the inclusion of resources as an attribute possessed by any stakeholder and thus contributing to that stakeholder's salience level expands the previous work of Mitchell et al (1997) on stakeholder salience. This study shows that while a stakeholder might possess power, legitimacy and urgency as attributes, it may still not be deemed salient enough to influence decisions if other stakeholders do not regard such a stakeholder as controlling resources deemed to be critical to them.

The salience of an individual stakeholder (or group of stakeholders) and hence its influence is determined by how direct its relationship is with the resource and its control of such resource. As a result, every stakeholder is expected to continually relate with other stakeholders in an interdependent way that ensures that the resources they hold are always needed by others in order to remain salient. By adding resources as an attribute, this study has expanded Mitchell et al's (1997) identification of the attributes of power, urgency and legitimacy as crucial in the determination of stakeholder salience. This is deemed crucial because the possession of these other attributes are not enough to give sufficient salience to a stakeholder without the possession of those resources deemed by other stakeholders to be critical. This addition of resources to stakeholder attributes can be considered as applicable to every industrial sector as the points made about resources and their criticality can be possessed by all stakeholders.

The study also shows the different challenges and complexities of managing stakeholder relationships in the region that cause these relationships to be

dynamic in nature. The application of the different mechanisms that enhance the operation of these relationships and the key features that exemplify them are deemed influential in creating dynamism in the nature of their outcomes, in terms of meeting stakeholder objectives. The use of these mechanisms when properly utilised and applied to the relationship results in beneficial outcomes that are reflective of cooperative relationships between the stakeholders involved. On the other hand, when these mechanisms are not used appropriately or if they are abused in any way, then they can lead to outcomes reflective of non-cooperative relationships between stakeholders. Also, these outcomes or benefits further impact on the features of these relationships thereby determining how such features are used by these stakeholders in their interactions with each other. The argument here is that as these relationships are played out by the different stakeholders involved, the interactions between them further affect how each stakeholder meets its own needs or targets. All of these give an idea of what the nature of the relationships between stakeholders in the particular area of the region is, which could either be cooperative or non-cooperative. The illumination of these challenges and complexities further enhances a micro-level understanding of stakeholder relationships between the stakeholders in the industry, specifically the oil companies and the host communities in the region. This is based on the insight derived from an appreciation of the roles played by these mechanisms and key features of these relationships in shaping their nature across the region.

In terms of CSR, the study has demonstrated important aspects relating to the expectations of stakeholders to CSR activities especially with regards to it being

viewed as a social obligation owed by the oil companies. The host communities have higher expectations of the oil companies than is currently delivered by them; the delivery of more relevant CSR activities – informed by the needs of the host communities - would result in peace (or at least less hostility) within their areas of operation and so increase their profit. Hence engagement with host communities is critical, as is the importance of honouring the MOUs and GMOUs entered into by the oil companies. The impact of these agreements which are also regarded as mechanisms on stakeholder relationships can be far reaching if taken seriously, as well as very detrimental to operations in the industry if neglected. This again demonstrates how important the resource is, with the oil companies' survival and profitability threatened by lack of access to the resources. Thus this study has highlighted the need for relevant and timely formal and informal engagement with host communities to ensure that the oil companies can continue their resource extraction, while the communities are granted the community development that best suits their needs.

In sum, the study has integrated aspects of social contract theory, resource dependency theory and community development to evaluate how stakeholder relationships develop in the oil producing areas of Nigeria in a way not previously seen. This has demonstrated that the centrality of oil as a resource can determine the ways in which stakeholders engage and interact, and that the nature of these relationships is multi-directional. Using CSR activities as a means to describe the relationships has revealed the practical nature of the interactions and the means by which stakeholder relationships can be enhanced. Hence the study has contributed both to the academic development

in this subject area, but has some important practical contributions both to the economic success of the oil-producing regions and to improved social and environmental conditions within them.

9.5 *LIMITATIONS OF THE STUDY*

The undertaking of any research project is fraught with many challenges and sometimes shortcomings that could impact the process of carrying out such a study as well as the way its findings are viewed and accepted. Hence, this section aims to give an insight into such issues, even as Denscombe (2010) has emphasised that there is not one research without a limitation, and this one is not an exception. As a result, he advises that the researcher should be able to freely point out such challenges that could impact the results of the study, as it gives an idea of what the possibilities are, based on the approach adopted.

The issue of generalisability is one that usually comes up in relation to social science and business researches, especially when such a research is qualitative in nature just like this study. This limitation is reduced by this research with the choice of companies with regards to their operations across four major oil producing states of the Niger Delta which plays host to the oil industry in Nigeria. Furthermore, the distribution of surveys and conduct of interviews across the four major states in the region makes it easier to make this generalizable as some of the respondents and interviewees were from other Niger Delta states not included in this study. Also, in spite of the supposed lack of generalisability associated with studies such as this, there is a possibility of generalising its findings to other contexts and countries that have similar characteristics as Nigeria such as oil production and level of development.

Another issue closely related to this has to do with the limited access to company representatives, which was intended to help validate the information gathered from the other stakeholders in the industry. One company out of the four companies chosen was reluctant to cooperate with the researcher by granting an interview to discuss the various issues involved, making the information from the companies coming from three of the four chosen. To make up for this restricted access, the researcher resorted to get as much as possible from information available in public domain pertaining to the company, especially those ones originating from them. However, it is noteworthy to point that the major aim of this research was to examine relationships and this is not limited to just generalizations.

Another limitation of this study could be with regards to the choices made of methods used both in data collection as well as analysis. The kind of sampling used to carry out data collection could also be seen as another area of concern (Creswell, 2003), as in this case there was a mixture of different sampling methods. The major one that could generate concern will have to be the purposive sampling method, as it does not give so much chance to every member of the population to make their opinions known. This research was about finding out informed opinion, so it was important that those interviewed be chosen judgements based on their knowledge of the subject arising from their roles both in society and the companies they represent.

Closely linked to the above limitation is the educational level of those involved in the study which could be seen as another limitation of the study, as it did not involve the illiterate ones in the region. On the other hand, the members of the

host communities had an opportunity to be randomly chosen for the surveys that were administered in the four states chosen. Also, the inability of the researcher to undertake focus group sessions as a way of gathering data from the participants means this study does not benefit from an observation of what the interactions between stakeholders are like, especially in scenarios similar to engagement and negotiation sessions.

Furthermore, it must be acknowledged that the different respondents involved in the study had their different biases in favour of their various constituencies which may have affected their views and responses to the questions asked. This could have also impacted the results of the study, thereby skewing them in a certain way, but this was managed with the choice of a variety of respondents representing different stakeholders. Also, there is an acknowledgement of the choice of Thematic Discourse Analysis (TDA) which could be deemed a weakness of the study. This is considering its lack of a clearly defined approach to application when used by researchers as compared to other more developed methods of data analysis used in the social sciences. However, this method was deemed more appropriate even with such a limitation because of the focus of the analysis being on the broad themes as highlighted earlier in the study.

Finally, this research was highly constrained by resources, such as time and finance. Considering that the study was undertaken within a higher degree programme that is time bound, it was impossible for the researcher to be more encompassing in the various aspects of the research process. This was also highly impacted by the limited funds that were at the disposal of the researcher,

which further influenced the use of telephone and email interviews for the collection of data.

9.6 RECOMMENDATIONS

After a summary of the findings, implications of findings and contributions of this study to the body of knowledge, it becomes expedient that recommendations should be made for areas deemed necessary for future research as well as improvement in the industry. This is important because the limitations hinted above imply that this study could have touched on several aspects that came up, but could not be addressed for various reasons. These areas that could be explored are briefly highlighted below, to be pursued by the author in subsequent studies or by other researchers.

A similar study can be undertaken in another industry in Nigeria that covers the whole country to see if there will be a repetition of some of the findings of this study, with such a research involving all the companies involved in that industry. This same study can be replicated in another oil producing and developing country, to see if some of the findings are a function of other factors peculiar to the specific environment such as culture, politics and history. Also, the role of agreements between stakeholders in either improving or souring their relationships could be investigated in detail to see how these can impact on such relationships, depending on the attitude of the stakeholders involved. In addition to the above, any study being undertaken would need to consider an expansion of the methods used for data collection and analysis to see if such a study returns similar or different results. This could be reflected in the use of focus group sessions to involve all stakeholders and see what their interactions

are like when they are engaging with each other. In the same vein, the Micro-Systems Perspective Model earlier proposed can be further tested to see if it is applicable to other industries, contexts and countries, especially in terms of the different aspects of the model.

In terms of the context, the recommendations are aimed at improving the relationships between the different stakeholders in the industry, which will be hinged on the model earlier proposed in the study. This model has been adapted to reflect the views of the author in terms of what the micro-systems perspective of the relationship amongst stakeholders in the industry should be like.

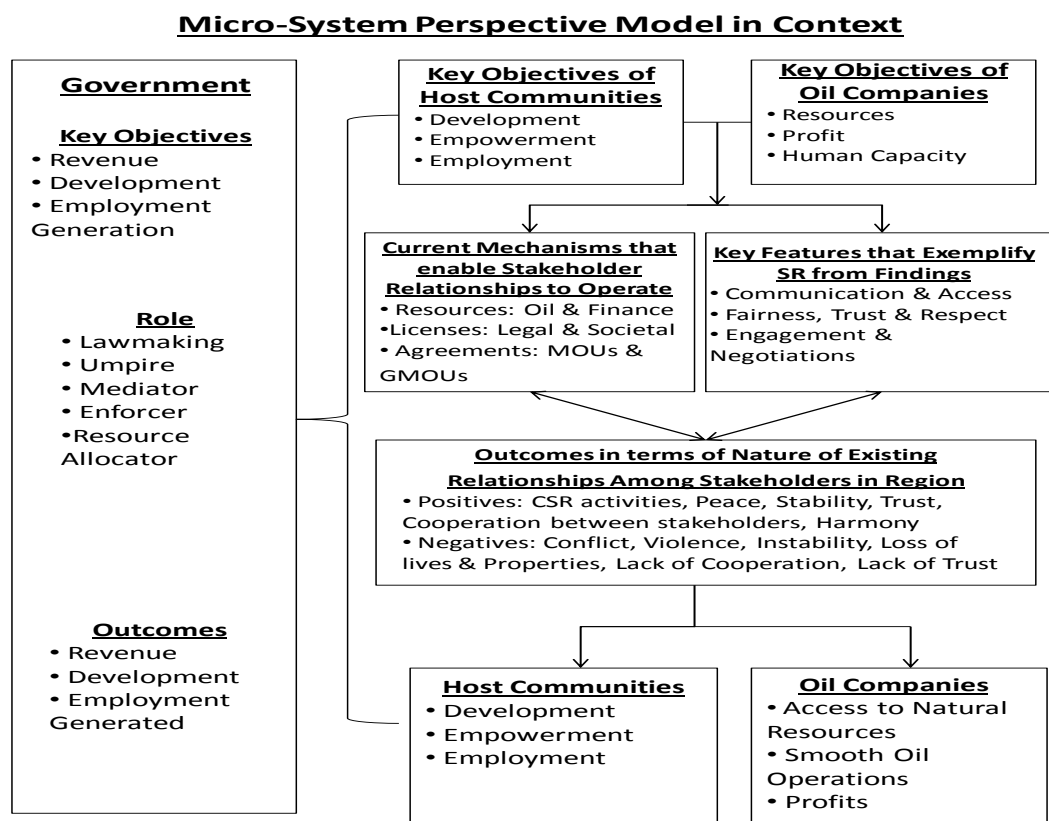


Fig. 9.1: Micro-System Perspective Model in Context

The diagram above which was proposed in Chapter IV and used to reflect the findings from two states in the study is deemed to be key to the contextual recommendations given in this section. The focus here is on the placement of the government on the diagram, which is removed from the other stakeholders on the diagram. This is significant because it reflects the thoughts and expectations of social contract theorists with regards to the level of influence and stakes to be possessed by the government in interactions between stakeholders. It is expected that the government relinquishes its Joint Venture shareholding with the major oil companies operating in the industry, as this is deemed to be affecting its impartial and unbiased roles of lawmaker, umpire, regulator, mediator, enforcer and resource allocator. In the model above, it is believed that the government will be able to carry out its roles as expected without taking sides with the oil companies with whom it presently has JV partnerships. It is hoped that the Petroleum Industry Bill (PIB) being presently put together to represent the views and aspirations of all major stakeholders in the industry will reflect this separation of the government, thereby leading to an improvement in its roles and responsibilities in the industry. Such a change in position and industry status from shareholder to neutral umpire will benefit every stakeholder in the industry as the relationships will work as they should, with the government intervening when necessary. This will further lead to positive outcomes for all stakeholders, including the government which would mean achievement of stakeholder objectives.

Following from the above, the second recommendation concerns the MOUs and GMOUs presently in place between stakeholders in the industry and their

implementation. It is recommended that these agreements should be taken seriously by all parties once they are signed and to make this possible, a clause that makes it a document that is admissible in court should be inserted into them. This would make it more effective than it is at the moment as stakeholders would realise that it is enforceable by other parties if there is any defaulting. Also, the host communities should be given more opportunities to make their contributions to these relationships through engagements and negotiations, especially in the drafting of these MOUs and GMOUs. In participating, these communities must also realise that they need to get the right representatives with the capacity to protect their interests by presenting their case at these negotiation sessions properly. The government and oil companies must also make effort to ensure that these MOUs and GMOUs are periodically reviewed to reflect current social issues and challenges facing the people.

Finally, the oil companies must understand that until the government begins to undertake its primary duties of developing the country, their CSR activities remain the only means of developing the region. This has now become a social obligation that is expected of these companies, so they must take such activities more seriously with realisation that it grants them maintenance of their societal license to operate as well as access to the critical resources that they require for continuous operations. In undertaking these activities, they must properly engage and negotiate with the host communities in order to know the priority areas of their needs because that is the only way they can undertake projects that will positively impact the latter.

9.7 SUMMARY

This chapter concludes the work started in chapter one with the introduction of what this research set out to achieve as well as other key issues deemed relevant to the study. Subsequently, the study context, literature, methods and data deemed useful to answering the research questions were discussed and the findings gathered from the data presented in the form of a discussion. As a result, a conclusion can be reached that the relationships that exists between stakeholders in the Nigerian oil industry are relative and dynamic in nature, with some being positive and cooperative while others are negative and non-cooperative. These relationships are affected by dependencies created by the resources that these stakeholders control or aim to access, which are also their interests as represented by their key objectives. These relationships are further enhanced by CSR activities if the oil companies are able to manage these properly to make up for the lapses of the government which is yet to waken to its responsibilities. The agreements reached by stakeholders have been argued to be very important to keeping these relationships peaceful and less acrimonious so long as the parties honour the terms of such agreements between them.

In conclusion, it must be stated that the findings of this study are seen to be conclusive as they have only been put forward based on the methods used and the data available to the author at the point in time. Hence, the author does not claim to have proffered an everlasting solution to the problems of the Nigerian oil industry in particular or any other industry where similar problems may be found at large. The recommendations made by this study are aimed to improve

the relationships between the stakeholders in the industry, so it is asserted that the aim of the study and the overarching research question asked at the beginning of the study have been addressed by this study.

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Appendix I- Explanations of Games

The Prisoners' Dilemma is one game that has really popularised this theory as it is one of the games that readily come to mind once the theory is mentioned. The game presents a picture of two suspects in a crime who are held in different cells, with sufficient evidence to convict each one of a minor offense but more is needed to convict either of them of a major crime. This can only happen if one of them confesses to the crime, which means he or she becomes a witness or informer against the other person. If this happens, the one that confesses is set free and used as a witness while the other will spend the maximum time of the sentence (let us assume this to be ten years). If they both confess, they get a lesser sentence than the maximum (say about six years); but if they both keep quiet, then they get a much lesser sentence (say one year). In this game, each player is primarily concerned with his or her interests but has to be careful not to jeopardise that since there is no information as to what the other player (suspect) will do. The main issue here seems to be that of whether the players will cooperate or not. This game has been criticised mainly because of its popularity in spite of being a two-person game, especially with regards to its application to many player situations (McCain, 2010). Other games similar to this are working on a Joint Project, common Property and Duopoly, which is in the area of the payoffs available to players for cooperation.

The Stag Hunt is a situation presented by Jean-Jacques Rousseau (as cited in Skyrms and Irvine, 2001) of a group of hunters who are out hunting and their target game is a stag. They all need to remain focused on catching the stag which they could share amongst themselves, but there is a possibility that each

hunter could decide to divert his or her attention to catching a hare which will be the individual's personal possession. In trying to catch a hare, the individual risks the chance of the group to be able to catch a stag since the synergy that comes from everyone paying attention is crucial to the group's goal of catching a stag. Each individual would prefer having a portion of the stag, but cannot guarantee that since he or she is not certain others will be as focused as he or she is in meeting the group aim. It becomes important that the individual decides on which is to be pursued considering that it is both more important as well as achievable as compared to the other. This applies to a game involving more than two players.

Matching Pennies is a two-person game where both players are expected to make choices or decisions simultaneously without knowing what the other player's decision. It is assumed that each person has one side of a coin (Head or Tail) and makes choices during the game based on this; if they both show the same side player 2 wins, but if not the other player wins. This implies that each player aims to win at every chance he or she gets, which is why it is also called a strictly competitive game because of its purely conflictual nature.

The Ultimatum Game is one where an offer is made to a player known as the Responder by another player also called the Proposer. In this game, there is no room for bargains so the Responder can either accept the offer of the Proposer or there would be no exchange between them of whatever it is they have in question. Such a refusal by the Responder results in a maintenance of status quo as each player remains at the original position before the Proposer made the offer. Gale et al. (1995) observes that sometimes the Responder will be

prepared to turn down any offers from the Proposer, which is why at such times he or she could decide to settle for nothing when given a choice between something deemed insignificant and nothing. The refusal by the Responder of any offer made by the Proposer which is deemed to be unfair is meant to serve as a punishment for irrational strategy or action by the latter (Skyrms, 1996). This game tends to tilt the balance of power in favour of the Proposer. However, it is noteworthy to point that such an imbalance in power can only happen when there is just one proposer because if there are at least two proposers then there is the possibility that the proposers will try to get something out of the exchange which tilts the balance of power in favour of the Responder. It is not a very popular game in our day to day activities, because there are always concessions to make in our interactions and relationships with each other (Gale et al., 1995). Other games similar to this are Marriage Proposals and Dictator Game.

Appendix II: Pilot Survey Instrument

STAKEHOLDER RELATIONS IN THE NIGERIAN OIL INDUSTRY

Dear Respondent,

Please find below a copy of the questionnaire investigating **STAKEHOLDER RELATIONS IN THE NIGERIAN OIL INDUSTRY**. This research aims at identifying the various stakeholders in this industry as well as understanding the kind of relationship that exists between them. This is being undertaken with a view to understand the relationship between the oil companies and their host communities.

The research is being conducted by Sorbarikor Lebura, who is studying for PhD in Corporate Social Responsibility (CSR). The author would appreciate if you can take some time to complete the following questionnaire which will help the furtherance of this research. Your answers will be kept confidential and the data used for research purposes only.

Thanks so much for your time,
Sorbarikor Lebura

PhD Student

If you have any questions or comments, please feel free to contact me by mail at: sorbarikor.lebura@email.dmu.ac.uk or my supervisor, Dr. Kumba Jallow at: lhacc@dmu.ac.uk

- Educational Level

☐ First School Leaving

☐ SSCE & GCE

☐ OND

☐ HND

☐ BSc

☐ Postgraduate

- State of Origin: (Niger Delta States)

☐ Abia

☐ Akwa Ibom

☐ Bayelsa

☐ Cross River

☐ Delta

☐ Edo

☐ Imo

☐ Ondo

☐ Rivers

1. Do you come from an oil-producing community?

☐ Yes

☐ No

If Yes, which?

2. Who are the stakeholders in the Nigerian Oil Industry? (Please tick as many as)

☐ Oil companies

☐ Government

☐ Host Communities

☐ Employees

☐ Suppliers

☐ Shareholders

☐ NGOs

☐ The Environment

☐ Others

3. Do you consider any of these the most important stakeholder in the industry?

☐ Yes

☐ No

If Yes, which?

Why?

4. Academics have said that stakeholder relations are all about the kind of relationship that exists between different stakeholders in an industry or environment. In this case, it is applicable to oil companies and host communities.

Considering the above, what does Stakeholder relations mean to you?

5. How do you see stakeholder relations?

☐ Very Good ☐ Good ☐ Fair ☐ Bad ☐ Very Bad ☐ Don't Know

6. How would you rate stakeholder relationships in the Oil industry?

☐ Very Good ☐ Good ☐ Fair ☐ Bad ☐ Very Bad ☐ Don't Know

7. How would you describe the relationship between your community and the oil companies operating in the area?

☐ Very Good ☐ Good ☐ Fair ☐ Bad ☐ Very Bad ☐ Don't Know

8. Who do you think is responsible for managing stakeholder relations?

Why do you think so?

9. How do they manage stakeholder relations?

10. How do you identify good or bad stakeholder relations?

11. Any other comments?

Thank you for taking the time to fill out this questionnaire.

If you need to contact me - you can reach me at:

sorbarikor.lebura@email.dmu.ac.uk

Appendix III: Final Survey Instrument

STAKEHOLDER RELATIONS IN THE NIGERIAN OIL INDUSTRY

Dear Respondent,

Please find below a copy of the questionnaire investigating **STAKEHOLDER RELATIONS IN THE NIGERIAN OIL INDUSTRY**.

This research aims at identifying the various stakeholders in this industry as well as understanding the kind of relationship that exists between them. This is being undertaken with a view to understand the relationship between the oil companies and their host communities.

The research is being conducted by Sorbarikor Lebura, who is studying for PhD in Corporate Social Responsibility (CSR). The author would appreciate if you can take some time to complete the following questionnaire which will help the furtherance of this research. Your answers will be kept confidential and the data used for research purposes only.

Thanks so much for your time,
Sorbarikor Lebura

PhD Student

If you have any questions or comments, please feel free to contact me by mail at: sorbarikor.lebura@email.dmu.ac.uk or my supervisor, Dr. Kumba Jallow at: lhacc@dmu.ac.uk

- Educational Level
 - ☐ First School Leaving
 - ☐ SSCE & GCE
 - ☐ OND
 - ☐ HND
 - ☐ BSc
 - ☐ Postgraduate
- State of Origin: (Niger Delta States)
 - ☐ Akwa Ibom Rivers
 - ☐ Bayelsa
 - ☐ Delta
 - ☐

1. What is your role or position in your community?

2. Who are the stakeholders in the Nigerian Oil Industry? (Please tick as many as are relevant)

- | | |
|---|--|
| <input type="checkbox"/> Oil companies | <input type="checkbox"/> Government |
| <input type="checkbox"/> Host Communities | <input type="checkbox"/> Employees |
| <input type="checkbox"/> Suppliers | <input type="checkbox"/> Shareholders |
| <input type="checkbox"/> NGOs | <input type="checkbox"/> The Environment |
| <input type="checkbox"/> Others | |

3. From the list of stakeholders above, which stakeholder group(s) do you represent?

4. In your opinion, what is the level of influence or interest of the above stakeholders? Please tick the relevant boxes for each stakeholder.

Stakeholder	Influence: Ability to make others do what one wants	Interest: Impact of activities in the industry on the stakeholder
Oil Companies		
Host communities		
Government		
Employees		
Suppliers		
Shareholders		
NGOs		
The Environment		
Others		

5. From the list of stakeholders above, which stakeholder group(s) do you have experience of working with? (Please illustrate with examples).

6. Please can you identify which of the above stakeholders can be considered Primary or Secondary in your opinion. (Please tick **only one box** for each stakeholder).

Stakeholder	Primary	Secondary
Oil Companies		
Host communities		
Government		
Employees		
Suppliers		
Shareholders		
NGOs		
The Environment		
Others		

Please can you explain the reasons for your choices above.

7. Academics have said that stakeholder relations are all about the kind of relationship that exists between different stakeholders in an industry or environment. In this case, it is applicable to oil companies and host communities.

Considering the above, what does Stakeholder relations mean to you?

8. How do you see stakeholder relations?

☐ Very Good ☐ Good ☐ Fair ☐ Bad ☐ Very Bad ☐ Don't Know

9. How would you rate stakeholder relationships in the Oil industry?

☐ Very Good ☐ Good ☐ Fair ☐ Bad ☐ Very Bad ☐ Don't Know

10. How would you describe the relationship between your community and the oil companies operating in the area?
☐ Very Good ☐ Good ☐ Fair ☐ Bad ☐ Very Bad ☐ Don't Know

11. Who do you think is responsible for managing stakeholder relations?

Why do you think so?

12. How do they manage stakeholder relations?

What other alternatives can be taken?

13. How do you identify good stakeholder relations?

14. How do you identify bad stakeholder relations?

15. Any other comments?

Thank you for taking the time to fill out this questionnaire.
If you need to contact me - you can reach me at:
sorbarikor.lebura@email.dmu.ac.uk

Appendix IV: Interviews Schedule

1. COMPANY STAFF

- a. Introductions
- b. What is your role or position in your company?
- c. How long have you worked in your present position?
- d. Who do you consider to be the stakeholders in the industry?
- e. Out of these ones you just mentioned which is the most important? Why?
- f. How would you describe the relationship between your company and other stakeholders? What is responsible for this?
- g. What is the relationship between your company and communities where you operate? Specifically? Why is this so?
- h. Whose responsibility is it to manage these relationships? Why? How is this done?
- i. Was there ever an agreement (contract in whatever form) between your company and the communities before you started operations in the area? When? How?
- j. Have the parties kept such agreements over the years? How?
- k. How would you describe communication between your company and other stakeholders, especially the communities and the government?
- l. Who depends on the other in the relationship?
- m. What creates such dependence?
- n. How much do you influence other stakeholders?
- o. What is the place of resources deemed critical by your company in all of these?
- p. What do you think is the role of the governments at different levels in all of these?
- q. Any other comments?
- r. Thanks

2. COMMUNITY LEADERS

- a. Introductions
- b. What is your role or position in your community?
- c. What is your view of the oil industry?
- d. In your view who are the stakeholders in the industry?
- e. Out of these ones you just mentioned which is the most important? Why?
- f. How would you describe the relationship between your community and other stakeholders? What is responsible for this?
- g. What is the relationship between your community and the companies operating here? Specifically? Why is this so?

- h. Whose responsibility is it to manage these relationships? Why? How do they do this?
- i. Was there ever an agreement (contract in whatever form) between your community and the companies before they started operations in the area? When? How?
- j. Have the parties kept such agreements over the years? How?
- k. How would you describe communication between your community and other stakeholders, especially the companies?
- l. How much trust is there between you and the companies?
- m. Who depends on the other in the relationship?
- n. What creates such dependence?
- o. How much do you influence other stakeholders?
- p. What do you think is the role of the governments at different levels in all of these?
- q. Any other comments?
- r. Thanks

3. EXPERTS/NGOs

- a. Introductions
- b. How long have you worked in this industry?
- c. What roles have you played since being involved in the industry?
- d. What has been your experience of stakeholder relations within your time in the industry?
- e. Who do you regard as the stakeholders in the industry?
- f. Which of these is the most important stakeholder? Why?
- g. Do you think there was any agreement (contract of any kind) between these stakeholders before the exploration of oil?
- h. What is dependence between these like?
- i. What creates such dependence?
- j. What is the place of resources in all of these?
- k. Who would you say manages stakeholder relationships in the industry? Why?
- l. How well are these relationships managed?
- m. How can these be improved?
- n. In your opinion, what is the role of the government at all levels in all of these?
- o. Any other comments?
- p. Thanks

Appendix V - Breakdown of Closed Ended Survey Questions

Key Guide: OC – Oil Companies; Govt. – Government; HC – Host Communities;
Emp. – Employees; Sup. – Suppliers; SH – Shareholders; Env. – The Environment;

Q2- Stakeholders										
	OC.	Govt.	HC	Emp	Sup.	SH	NGOs	Env.	Others	Nil
Delta	79	81	75	49	35	44	31	47	17	1
Bayelsa	34	32	34	16	8	14	4	12	12	0
Rivers	31	39	22	7	5	10	5	7	7	0
Akwa Ibom	17	18	18	12	4	14	4	2	2	0
	161	170	149	84	52	82	44	68	38	1
% of 180	89.4	94.4	82.7	46.6	28.8	45.5	24.4	37.7	21.1	0.5
Q4a- Stakeholder Influence										
	OC.	Govt.	HC	Emp	Sup.	SH	NGOs	Env.	Others	Nil
Delta	45	73	31	15	14	43	29	13	2	2
Bayelsa	24	26	23	10	5	9	6	11	0	0
Rivers	15	26	14	2	1	8	2	4	2	0
Akwa Ibom	9	17	16	8	6	5	11	10	5	0
	93	142	84	35	26	65	48	38	9	2
% of 180	51.6	78.8	46.6	19.4	14.4	36.1	26.6	21.1	5	1.1
Q4b- Stakeholder Interest										
	OC.	Govt.	HC	Emp	Sup.	SH	NGOs	Env.	Others	Nil
Delta	48	24	47	43	23	20	26	47	11	4
Bayelsa	16	15	24	18	14	7	7	18	1	1
Rivers	23	9	1	10	11	6	11	8	0	1
Akwa Ibom	12	3	4	12	13	9	8	6	12	1
	99	51	76	83	61	42	52	79	24	7
% of 180	55	28.3	42.2	46.1	33.8	23.3	28.8	43.8	13.3	3.8
Q6a- Primary Stakeholders										
	OC.	Govt.	HC	Emp	Sup.	SH	NGOs	Env.	Others	Nil
Delta	60	50	67	15	9	30	10	55	3	0
Bayelsa	19	18	25	10	5	13	3	8	0	3
Rivers	28	11	14	7	2	7	0	7	1	1
Akwa Ibom	11	9	11	5	7	12	8	11	7	1
	118	88	117	37	23	62	21	81	11	5
% of 180	65.5	48.8	65	20.5	12.7	34.4	11.6	45	6.1	2.7

Q6b- Secondary Stakeholders										
	OC.	Govt.	HC	Emp	Sup	SH	NGO s	Env .	Other s	Nil
Delta	16	25	13	51	43	25	43	4	15	7
Bayelsa	11	7	10	14	13	4	13	13	4	7
Rivers	5	20	3	11	11	6	12	7	4	1
Akwa Ibom	8	9	7	12	8	6	9	6	10	1
	40	61	33	88	75	41	77	30	33	16
% of 180	22.2	33.8	18.3	48.8	41.6	22.7	42.7	16.6	18.3	8.8

Stakeholder Relations						
	Very good	Good	Fair	Bad	Very bad	Don't know
Delta	8	16	31	14	13	2
Bayelsa	9	5	2	1	2	0
Rivers	0	12	16	5	3	1
Akwa Ibom	6	16	15	2	1	0
Total	23	49	64	22	19	3
% of 180	12.7	27.2	35.5	12.2	10.5	1.6

Stakeholder relationships in the industry						
	Very good	Good	Fair	Bad	Very bad	Don't know
Delta	0	6	27	27	19	5
Bayelsa	8	5	3	2	1	0
Rivers	1	8	14	11	3	0
Akwa Ibom	3	17	19	1	0	0
Delta	12	36	63	41	23	5
% of 180	6.6	20	35	22.7	12.7	2.7

Relationship between Communities and Oil companies						
	Very good	Good	Fair	Bad	Very bad	Don't know
Delta	0	7	22	25	21	9
Bayelsa	1	1	2	12	3	0
Rivers	0	8	15	6	7	1
Akwa Ibom	2	16	16	4	1	1
Total	3	32	55	47	32	11
% of 180	1.6	17.7	30.5	26.1	17.7	6.1

Appendix VI: Sample of Data Collection Introduction Letter

Date:

Company Name and Address

Attn:

Dear Sir,

Re: Sorbarikor Lebura

I am writing to introduce to you the above-named, who is a PhD student of this university. He is currently undertaking research on **Stakeholder Relations in the Nigerian Oil Industry**, which is aimed at exploring the nature of the relationships that exist between the various stakeholders in the industry.

In line with this, we have identified your company as one of the most important in the industry and so it becomes expedient that he conducts interviews with your staff in order to give depth to this research work. We must state that this research will be carried out within the ethical regulations guiding research at this university.

We would appreciate every support that you can give to him in furtherance of the objectives of this research. Please do not hesitate to contact me if you require further information.

Yours truly,

Dr K. Jallow

Principal Lecturer

Dept of Strategic Management and Marketing

Appendix VII: Details of Survey Respondents

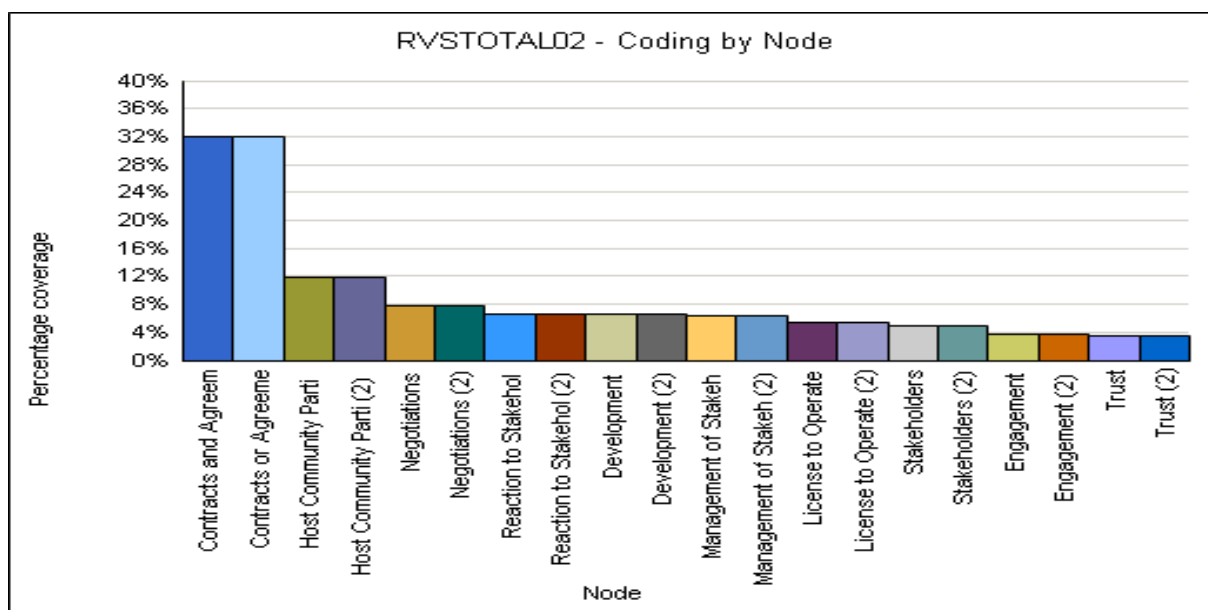
	<u>Akwa Ibom</u> <u>(Coded M)</u>	<u>Bayelsa</u> <u>(Coded S)</u>	<u>Delta</u> <u>(Coded C)</u>	<u>Rivers</u> <u>(Coded T)</u>
1	Supplier	Compound Chief	Nil	Nil
2	Youth	Nil	Nil	Indigene
3	Youth Leader	Youth P.R.O	Employee	Indigene
4	Youth	Youth Secretary	Peace keeping	Indigene
5	Youth	Youth President	Ex street representative	Ex Family Gen Sec
6	Elder	CDC Secretary-elect	Just a youth from my community	Indigene
7	Community Taskforce Member	Indigene	Ex street representative	Indigene
8	Employee	Nil	Member of an NGO	Indigene
9	Youth	Nil	Secretary	Ex Youth Chairman
10	Community Taskforce Chairman	Nil	Community leader	Female Youth Leader
11	Women Leader	Nil	Member	Indigene
12	Youth Leader	Nil	Teaching	Indigene
13	Student/Youth	Community Elder	Nil	Nil
14	Youth Leader	Youth President	Youth leader	Indigene
15	Women Leader	Youth Leader	Nil	Indigene
16	Youth Leader	Youth Leader	Advisory/youth leader	Indigene
17	Youth	Youth President	Employee to an exploration firm	Indigene
18	Youth	Community Member	Nil	Nil
19	Youth Secretary	Community Member	Media practitioner	Ex Youth Chairman
20		Youth Activist	Youth	Nil
21		Nil	Nil	Nil
22		Nil	Youth coordinator	Indigene
23		Nil	Financial secretary	Community man
24		Nil	Public Relations Officer (PRO)	Indigene
25		Youth Leader	Youth	Nil
26		Nil	A community leader	Nil
27		Committee member	Peace maker	Youth Chairman
28		CDC Member	Youth leader	Youth Activist/Adviser
29		Nil	Community speaker	Family Secretary

30		Nil	Local Government chairman; Lawyer	Nil
31		Indigene	Chairman	Nil
32		Nil	Secretary	Indigene
33		Youth Adviser	Chairman	Youth Chairman
34		Youth	Chairman	Youth Member
35		Youth	Public Relations Officer (PRO)	Ex-Youth Chairman
36		Youth	Public Relations Officer (PRO)	Indigene
37		Nil	Secretary	Ex-Youth Chairman
38			Youth chairman	Indigene
39			General Focal Person (GFP)	Ex-Youth Chairman
40			NGO employee	Ex-Youth Chairman
41			Community Speaker	
42			A law abiding citizen	
43			Nil	
44			Nil	
45			Chairman	
46			Organising Secretary, Disiri governing Council	
47			General Secretary	
48			Public Relation officer of Itsekiri Regional Dev. Committee	
49			Secretary General	
50			Secretary of Community Trust	
51			E.G.C.D.C. REP	
52			Member of Ogbe-Idoh Clan Youth Council	
53			Member of youth council	
54			Community President (Oghuvwie General)	
55			Youth Leader	
56			Youth Representative	
57			Community Leader	
58			Community member	
59			Personal Assistant to the King of Okrika (Amanyababo of Okrika)	
60			Youth Leader	
61			Chairman of Community	

			Development Committee (CDC)	
62			None	
63			Community youth member	
64			An applicant looking for job	
65			Community member	
66			None	
67			None	
68			Member of a royal family	
69			None	
70			Youth Leader	
71			Community member	
72			Member	
73			Youth Leader	
74			Community member	
75			Community member	
76			Member	
77			Youth	
78			Youth Leader	
79			Senior Correspondent	
80			Community Leader. First General Secretary, DOPCA	
81			Youth member	
82			Free citizen	
83			Youth Organiser	
84			Youth	

Appendix VIII: Transcript & Coding of RVSTOTAL02

The chart below gives an idea of the colour stripes for each of the coded nodes, with an emphasis on the most coded nodes as an example.



Q1: Yes sir, like I said before, my name is Sorbarikor Lebura and I am looking at stakeholder relations in the Nigerian oil industry. So touching on how companies like Total, Chevron, Shell and Mobil relate with their host communities and other stakeholders in the industry. Basically sir, I will like you to first of all introduce yourself, tell us what community you represent.

ANS: Ok, I am _____ I am representing Erema community, one of the major oil units of Total.

Q2: Ok, alright sir. Do you have any specific role or position you play in the community?

ANS: Eh hh, my role is more of, emmm, apart from the family chief which I am holding brief, I am also the Chairman of the Advocacy Committee of the community.

Q3: Ok

ANS: I also play a role as the chairman of the primary school board of the community.

(interview paused because interviewee had to take a call)

Q4: Ok sir, what does the Advocacy Committee do?

ANS: Yeah, we work in conjunction with SDN...

Q5: ...Stakeholder Democracy Network?

ANS: Yeah, we sort of canvas for development of the community

Q6: Ok

ANS: We go to the government: state government, federal government. Mostly we leave that of the company to the CDC to take care of, so we go to the government, state government, local government, NDDC and so on to canvas for development of the community¹

Q7: Ok sir, now what is your view of the industry, the oil industry?

ANS: Well, to my mind I hope Total is doing well in our community in terms of infrastructural development, education, they award scholarships, skills acquisition programmes and also they do employ some of us

Q8: So in your view from the Total point of view, they are

ANS: I give them at least 70percent

Q9: 70percent over 100percent?

ANS: Yeah

Q10: That is some good pass mark now. Alright sir, now who would you consider in your own view as stakeholders in this same industry we are talking about?

ANS: Well, emmm, if we should look at what we call stakeholders properly, the communities; landlords involved in this oil industry are supposed to be looked at as the major stakeholders. I hope you are hearing me?

Q11: I do, I agree

ANS: Ok

Q12: Alright, so you consider the communities as the major stakeholders, would there be others?

ANS: Yes

Q13: Would there be others that you could refer to?

ANS: Others, well if you look at the companies themselves you know they are of course regarded first in the stakeholder and of course the local government and the state government.

Q14: Okay sir. Now of all these ones you have just mentioned, which one would you say is the most important and why would you say so?

ANS: Well, I will say Total is the most important because they are the owner of all the projects, we are only partnering with them. In a way, federal government is also a part of the oil industry through NNPC, so I believe the owners of the industry Total should be the major.²

Q15: Alright sir, now what would you describe as the relationship between, say your community and other stakeholders say like, emmm... I mean you mentioned a while ago that you think Total is doing very well but apart from Total what would be the relationship between your community and say government, say NGOs?

ANS: Well we have good rapport.

Q16: Good rapport?

ANS: Good rapport

Q17: And why is that the case, what is responsible?

ANS: Emmm, it is because they are listening to us and providing some of our needs.³

Q18: Alright, now in your view, well we are talking about stakeholder relationships now. Who do you think is responsible for managing some of these relationships?

ANS: Some of the NGOs are responsible and also the community leaders are responsible for this...

Q19: Ok, managing these? And how do they do this, what is the process?

ANS: Through series of advocacy meetings, series of discussions. We normally come together from time to time to discuss our problems so that it will not

escalate, because when you allow a situation where you create a gap between the ruled and the ruler definitely there will be a breakdown. So what we do from time to time is to call for meetings to put our heads together, if it is the one that requires to go to the company, we send those that will represent us to meet the company. If it is to the government, we also do that, like I told you through advocacy we meet the government and the rest of them, so with that we have peace and tranquillity within the area.

Q20: Okay. In your own perception and view do you think... there has been this issue of MOUs and GMOUs?

ANS: Yes, yes, we normally like, emmm this year we are going in for our oil and gas, community oil and gas MOU this very year. The last one has been since the last four years, terminated December 31st.

Q21: That is the community one?

ANS: The community one, yeah. We are going in this January for renewal of the MOU which, emmm, has been the practice for quite some time now.

Q22: Okay

ANS: So we normally take four years for us to go in for it and renew the MOU.

Q23: Now in emmm, I think that was in November or December there was a GMOU arrangement that was in place between Total and the communities from within these areas, Egi and so. I do not know if you were aware of that.

ANS: Yes I heard, I was even in attendance

Q24: You were in attendance?

ANS: Yeah

Q25: That was in Sasun Hotels?

ANS: Yeah, Sasun Hotels.

Q26: Because I happen to have been.... I was there that day.

ANS: Were you in the first or second day?

Q27: I think it should be, that was on a Thursday or so, ...

ANS: Ok

Q28: I think that was like the last day

ANS: That was the last day because the first day was on a Tuesday.

Q29: Yeah I think it was the last day, yeah on a Tuesday. The Tuesday one I did not come but I was there for the Thursday one. Now what is the setting like, what is the difference between the MOU and the GMOU?

ANS: Yeah, like emmm, the one we had, it was like we sort of emmm, emmm, review all that was contained in the expiring MOU as to have a preview of what is to come in the MOU proper.

Q30: Yeah

ANS: That is preparing the ground, so that when we get to the MOU it would not be difficult for us to really trash the issues involved, so that was a preparatory to the MOU proper.

Q31: Okay

ANS: Yeah

Q32: Alright sir. And in the course of these MOUs, do you think representatives of communities have been able to really push their case and actually represent the interests of the people?

ANS: Yes that was why we have come together to rub minds before the MOU proper.

Q33: Yeah

ANS: Now if you look at the GMOU, emmm, you will see we were at a stage at that, the last day, we were having some, a little emmm...

Q34: ...issues? Yeah

ANS: That is exactly what the landlords are really trying to trash, a situation where you have oil and gas producing landlords and you also have OML representatives from the different communities. Now the role the OML Committee is playing and the one oil and gas communities play are somehow interwoven and at a stage you see that there is a kind of reshuffling. The OML is

about reshuffling the role of the oil and gas producing landlords, so the oil and gas producing landlords are now saying no to some of those roles. Like for instance sharing of scholarships, give them scholarships belonging to the oil and gas producing communities, but you give it to the OML Committee to share, so also the skills...

Q35: ... acquisition

ANS: ...acquisition and the landlords are saying no to that; that was the fracas they are having now in that region. They are now saying their roles should be given to them which have their own, what belongs to them should be given to them to share and not another group sharing broadly, that was that little problem we had.

Q36: Ok sir, now considering that the whole process of going to MOUs and GMOUs have arisen, would you say there was any form of agreement before oil exploration actually started? Was there any agreement or contract between the community...

ANS: I would not say there was any proper agreement that was why at a stage the community, the youths in the community had to strike and that was in 1993. They had to strike because there was no proper agreement and nothing was coming to the community. So at that stage, the awareness came and they decided to strike, it was after that strike that the company started looking into their matters properly. It was after then employment opportunities were given to the oil producing landlords, so that actually, I must tell you from the very beginning there was no concrete agreement.⁴

Q37: Okay. So based on what has happened over the years when you have had, emmm, these MOUs and GMOUs, have the various parties kept to the terms of the agreement?

ANS: Emmm, like I told you not 100percent, I gave you, I told you Total is trying up to...

Q38: 70percent

ANS: I gave them 70percent

Q39: Yeah

ANS: So on the part of the community; we are keeping to whatever agreement

Q40: Would you say 100percent?

ANS: I can say 100percent

Q41: For the community?

ANS: Yes for the community, because now that they are trying it you can see the whole place they are operating without any problem⁵

Q42: Okay

ANS: If you watch out almost all the areas these companies operate, the most peaceful is this community, Egi community and do not forget that we are the largest producers onshore in this particular area. So for them to have, emmm, such peace it means we are keeping our own side of the agreement.

Q43: How about the government?

ANS: Yeah, I do not know the area you are coming on the side of the government

Q44: I mean in terms of keeping to agreements, was the government a party to it; is the government represented there?

ANS: Yes, normally they send their representative

Q45: Okay

ANS: In any agreement, any like the MOU even, emmm.....

Q46: GMOU too?

ANS: GMOU yeah, they sent their representative

Q47: Do they have a responsibility?

ANS: They have, they have

Q48: What do they do actually?

ANS: That is, emmm overseeing to the implementation of the agreement

Q49: Okay, okay. So if at any point in time government does not ensure that one party is keeping to the agreement then government is failing in its duty?

ANS: Of course, of course...

Q50: So government is like an umpire, just like a referee

ANS: Exactly, exactly.

Q51: Trying to be sure that fairness takes place, everyone keeps...ok. Alright sir, now based on what you have said, how does the whole communication thing between the community and say the company take place?

ANS: Hmmm, communication... like I told you, through....we communicate through the committees

Q52: Yeah, mainly?

ANS: Mainly through the committees.

Q53: Okay, do you also have things like Community Liaison Officers (CLOs)?

ANS: Emmm, well we have, emmm... in the oil industry we have what we call contact men.

Q54: Okay

ANS: Contact men, emmm, it is probably in the service companies that they have liaison officers.

Q55: Okay

ANS: But in this aspect you are talking about, we have in the company what they call community relations group, community relations department. They take care of whatever transaction between the community and the company.⁶

Q56: Okay. And those people are they members from this community?

ANS: Emmm, some of them are employees from this community.

Q57: Ok, ok. Alright sir, how much trust would you say there is between you, say the community and the company?

ANS: Hmmm, I will also say the trust is not total, it is not complete, you cannot say we are 100percent on it.

Q58: Yeah, I understand. And what would be responsible for that?

ANS: Well, normally the human factor

Q59: The human factor. Okay.

ANS: You know I am not the same person with you, I may keep to an agreement you may not keep to an agreement, so that human factor...

Q60: ... comes in

ANS: ...and pride can also deceive you and pride may not deceive me. Yeah that is the human factor I am talking about.

Q61: Okay. Alright, so who depends on each other from your view now? Who would you say depends on each other in this relationship?

ANS: Well, both of us depend, emmm, there is no one-sided dependence

Q62: Okay, now...

ANS: ... so it is like, emmm, since we have to work together you cannot say you depend on me or I say I depend on you.

Q63: Yeah, okay. So how much influence do you have over the other stakeholders, say the community now, how much influence does the community have?

ANS: over the company?

Q64: Over say the company and maybe government.

ANS: Very little influence because like I am saying, let us take for instance we make an MOU, we would have believed that the MOU would be kept 100percent...⁷

Q65: Yeah

ANS: But like I told you, we are now talking of 70percent, what happens to the...

Q66: ... rest 30

ANS: It is because the company is not working towards keeping to the...

Q67: ...the terms...

ANS: ... the terms 100percent⁸

Q68: Okay

ANS: So you can see if there is any problem it is from the side of the company and not the community.⁹

Q69: Ok sir, Now I mean on a final note, I will like to ask again, if you were to take your mind back to the post MOU, GMOU era and emmm the pre, the times before these agreements started coming up, what would you say has been the difference? Would you say there has been any sir?

ANS: Oh, great difference, a great difference. Before the MOU, you as a community person cannot be employed in Total, that was that time they were answering Elf, from SAFRA to Elf. Nobody will employ you, nobody will look at you, you see the bigger tribes occupying every position in the company, you talk of the Igbos, Yoruba, the Deltans and some Cross River, the state nobody. I remember there was an employment made as far back as 1989; I was working as a contract staff under safety in that company. The company said they are now going to adopt a policy where if you are not a degree holder you will not work in the safety department. That was accepted by the company and do you know what happened, they employed 16 graduates into the department but could you believe that of the 16 only 1 was from Rivers State.¹⁰

Q70: From that state?

ANS: Yeah from the state and that man from the state was a Bonny man, not even from the oil producing area. That was before the MOU, talk of minor contract like, emmm, oil spill cleaning contract maybe a minor oil spill in, emmm, maybe a polar pit, you will be surprised that an Igbo man from Umuahia will come to do the clean up. You do not need to talk of supply, is it to be cutting bush that our women do today? Supply vegetables, food items and all that, before the MOU you cannot be allowed to do that. You do not even have entrance into the company's premises to talk of doing any job but after the strike then MOU came in and today we can say there is a lot of improvement.

Q71: When you say strike, I mean they were not working for the company, so how....?

ANS: No, no, no, it is not a staff strike. There was a demonstration.

Q72: Ok, ok, that makes sense to me now

ANS: Yes, the community youths decided to show their...

Q73: ... anger...

ANS: ...anger by protesting, that protest led to a lot of looting from the company, they looted the company at Obagi completely. If not for the fact that all other oil equipments were fixed and properly installed, they would have looted everything in anger. So after that exercise, they had to come to a round table to now discuss the future of the company and of the community, the producing community. That was how, so it was a protest put them in anger and that was what brought us into a round table; today we can now talk of having MOU even if they do not include the MOU 100percent but we have MOU.

Q74: Okay. Alright, on a final note would there be anything else you will like to say?

ANS: What? Come back.

Q75: I said would there be any other thing you will like to say?

ANS: Well, emmm, what I will like to say is that the company should do well to keep to our agreements, the agreements with them and the oil producing environs. They should keep to them 100percent, it is not just writing MOUs but keeping to the MOUs, it is very very important. I will want them to do that, emmm, see to the welfare of the community properly. I think, emmm, with that we will give them their way to operate, they are the ..., they have their money; they do whatever they want or whatever they like with their money. We suffer the whole thing, environmental degradation and all that but there is nothing we can do about it, let them keep to our agreement and give us what we want. More especially they should be talking of small and medium scale enterprises in the area, so that tomorrow the oil may be no more so that we can have something to fall back when the oil is finished. They should look into those areas.

Q76: Alright sir, thank you so much for granting this interview even at a very short notice, I really do appreciate. Thank you.

ANS: Thank you very much, you are welcome.

Annotations

¹ The people have to canvas and lobby the governments at different levels in order for the development they are due to get to them, which further underlines the lacklustre attitude of the government to their primary responsibilities of making development accessible to the people.

² The oil companies are deemed as the most important stakeholders in the industry as a result of their control over the financial resources needed to make things work in the industry.

³ This interviewee thinks that the main reason why the relationship between stakeholders in this area of the region is working well is because the communication channel works, with the oil companies paying attention to the host communities and meeting their needs.

⁴ It is re-echoed once again that the birthing of the MOUs and GMOUs between the oil companies and the host communities was as a result of the agitations coming from the people, in this case a protest by the youths of the area.

⁵ The level of peace and cooperation witnessed in this part of the Niger Delta between the oil companies and the host communities, to a great extent can be attributed to the host communities keeping calm and not reacting in a negative way to the actions of the oil companies. However, there is an accusation here that the oil companies are not keeping to their own side of the agreements entered with host communities as much as the latter is doing.

⁶ There seems to be a certain view taken by the companies that the other major stakeholders apart from itself deserve all the attention they can in order to make the relationship between them more profitable and productive, which is exemplified by their having departments that are committed to managing these relationships, such as the Community Relations Department referred to here.

⁷ There is a relationship between Influence and Trust, as the host communities do not trust the oil companies to keep to the terms of their agreements, mainly because they have no influence over the companies.

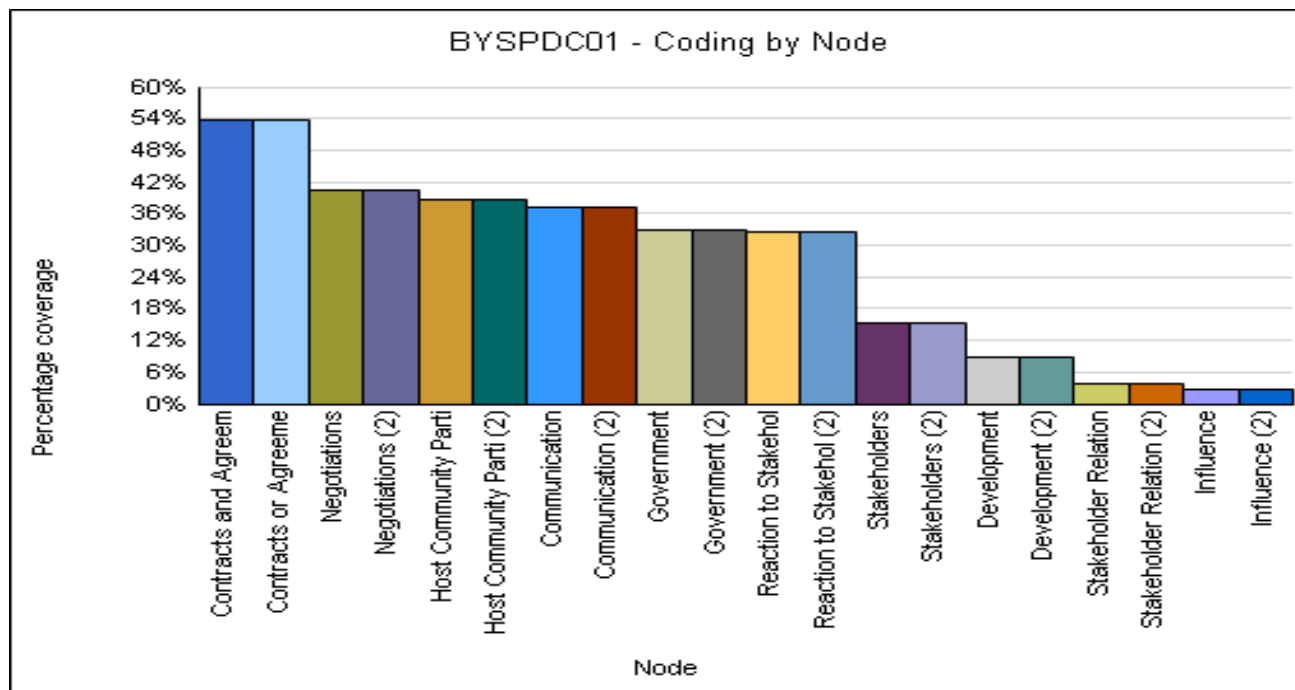
⁸ Trust is usually affected by previous experiences of the stakeholders, if in the past the stakeholders have not kept to their part of the agreements then it will create a mistrust between them subsequently.

⁹ This contradicts the view of one other respondent that the host communities are the ones making the industry challenging, while this one views the oil companies to be responsible for the issues in the area because they do not keep to the terms of the agreements they have with each other.

¹⁰ The agreements entered into with the host communities have improved the relationships between them, especially in cases where the parties have kept to the terms of the agreement to a reasonable extent.

Appendix IX: Transcript & Coding of BYSPDC01

The chart below gives an idea of the colour stripes for each of the coded nodes, with an emphasis on the most coded nodes as an example.



Q1: Good day sir, my name is Sorbarikor Lebura, a student at De Montfort University. Like I said before, I am undertaking a study on stakeholder relations in the Nigerian oil industry and it is in this direction I will like to have this interview with you. Before we start sir, could you introduce yourself please?

ANS: My name is _____ I am an Agudama-Ekpetiama man in Yenagoa LGA of Bayelsa State. I am into peace and conflict management, I work at an NGO known as Conflict Resolution _____ Network (CROTEN). It is an outfit built to focus on good governance, community development and raising community capacity in the areas of conflict management.

Q2: Alright sir, thank you so much. What is your role and position basically in your community?

ANS: I happen to be the secretary and chief spokesman of my community, Agudama-Ekpetiama

Q3: So would that secretary be for the CDC (Community Development Council)?

ANS: No, the Traditional Ruler's Council. The secretary of the traditional ruler council, the tenure usually runs for 5 years.

Q4: 5 years?

ANS: Yes, I was appointed 2005 and at the end of my tenure I was re-appointed in that same capacity.

Q5: Ok sir. Now, from your point and years of experience and what you have seen, what do you think of the oil industry in Nigeria?

ANS: The oil industry in Nigeria is one industry that has given succor to the entire nation through crude oil production, exploitation and exportation so to speak. It is the single commodity that has given...; crude oil has become the single commodity that has funded about 96% to 98% of the entire budget of the country, so it is something that has come to give Nigerians a new lease of life.¹

Q6: Ok. Alright sir, in your view within this industry now that has generated so much money, who would you consider as the stakeholders in the industry?

ANS: The multinational companies and their various service companies, the Nigerian government which has its own shares and the regulatory processes in the system like NNPC and the communities who own the natural environment where this people operate, they are all stakeholders. And what I mean by the Nigerian government includes even, because of the dimension things have taken, the Nigerian government manifests in several flow stations. The Nigerian military is now almost part and parcel of the multinational industry in the oil companies, so we have the soldiers, we have the naval personnel, and we have the Mopol (Mobile Police) unit all attached to the various companies, they are all stakeholders in the industry.

Q7: Okay. Alright sir, of all these ones you mentioned, would anyone be the most important in your view?

ANS: In terms of what?

Q8: In terms of the relationship they have with each other, would you consider anyone to be more important than the other?

ANS: Directly Government are very far from the communities² and so the most important one would remain the oil companies themselves.

Q9: Ok sir. Now why would you refer to the oil companies as important?

ANS: Because they are the people we see interact with the communities daily in the course of their production, in the course of exploitation.³

Q10: Ok sir, now what's the relationship like between say your community and other stakeholders?

ANS: Yeah, it is cordial and sometimes chaotic. Cordial when there is an agreement when the processes of coming together to do things are respected. Chaotic when these processes fail as a result of disobedience or failure in obedience.⁴

Q11: Ok Sir, now whose responsibility would it be; because you just talked about failure in obedience. Whose responsibility normally do you think it is to manage these relationships?

ANS: It is supposed to be dual, provided it is done open and transparently. It is supposed to be dual, the responsibility, because the oil companies have a stake, the communities also have a stake, government has a stake and so it is supposed to be participatory in all. But where one side seems to be short-changed, where there are some gaps, what the Chairman Ekpetiama Council of Chiefs, His Highness would call where there are leakages in the process, then the relationship becomes chaotic; and it could come from anywhere.⁵ When the community leadership decides to be frugal with information, communities will rise against the leaders which will impact on the oil companies operating around the area. Now if the oil companies decide to come into town and instead of approaching the entire community goes to the CDC Chairman and Secretary and then has a meeting with them in the night and goes back; the following morning it will boomerang not only on the oil company but on the community leadership as well. That is why I say, it should be, it is a responsibility to keep it safe for everybody.⁶

Q12: Ok sir. There has been this talk about GMOUs, what is your take on that and how does it work?

ANS: Fine, we are already, we are really working on the GMOU as a tool for conflict management, its efficacy as a tool for conflict management in the Niger Delta; as a PHD project we are working on it. The GMOU is a concept that came entirely from the oil companies, we call it a community engagement strategy that they came up with; they found that the earlier engagement strategies were not giving them the best but resulting into conflict and the rest. They call it Memorandum of Understanding (MOU), where they sign agreements (understanding documents) with individual communities. So the GMOU as a concept is commensurate communities together where oil companies operate and then entering into a collective understanding with those communities and then giving them money to push their people up. The agreement is such that while the oil companies provide such money for the development of the communities, the communities also have to maintain peace amongst themselves as well as to secure the safety of the oil companies that is possible with the agreement⁷. Now it has been in operation in Bayelsa State for I think 5 years or so by now. From the scheme's activities, from the experiences of the communities, the idea is noble, it is good but the implementation has some icons here and there. And then the conceptualization itself originated out of the oil companies, the communities only bought into this idea when it was introduced to them and the oil companies used NGO (Non-Governmental Organizations) for mentoring of the process by giving capacity to the communities on how best to handle the process of the GMOU.⁸ But then what I said when the thing is non-participatory and when some kind of issues of non-transparency crop in, the whole process is bound to collapse.⁹ So for the 5 or so years of agreement operation we have been experiencing certain things that are not very much in tandem with the spirit of the document; host communities disobey some clauses, the oil companies disobey some clauses and when such occurs it is bound to be chaotic. This is what we have seen about the GMOU, because it has been in operation and we think such __, and we also think that the money drops was able to bring some physical structures, new structures and it so happened that most of these communities where these things are springing up have been the neglected types of communities. Speaking for example, a place called Eduenekhopa in Bayelsa State, Ekeremor LGA; in fact it is accessed from Warri faster, those communities are accessed faster and easier from Warri in Delta State, entirely forgotten community so to say. But the GMOU was able to introduce things to those communities: health centers, guest

houses, concrete routes and footpaths, things like that, small small things are getting to them. Those physical structures are there but another thing is that why is it called structure, physical structure, is it a kind of showpiece for the oil companies to say yeah we did this, we did this, we did this. When you see a vast majority of the people in the community need things other than those structures; the capacity. Why not spend some money training their people overseas so that by the time they come back they can get links to this oil industry; and giving of scholarship, say secondary school scholarships. What is the meaning of that? So there are gaps and these are the gaps they ought to fill or we might lose something.¹⁰

Q13: Ok sir. Now there is something interesting about the GMOU, the difference between the MUO and GMOU being that there is a movement from individual arrangements and agreements to one where you have a cluster of communities agreeing together with the company. Would you say it has been successful so far, aside from the little, little defaulting of clauses here and there by both parties, would you consider it successful?

ANS: Yeah, so from the fact that these are communities that have yearned for infrastructural development, so when they see a road network connecting them to the main town; they see a good link bridge, they see that as a kind of process. But originally it was supposed to bring down the concept of conflicts within the communities. Now the process, because they are not very transparent they rather trigger conflict in the communities, what Professor Alagoa calls droppings of the loin oil industry. A concentration on the droppings of the oil industry is one of the greatest causes of conflicts in the communities. For this Corporate Social Responsibility (CSR) packages, say we are giving you this clause of 50 or so so amount and this thing will also translate into contracts; who nominates the contractors in the communities, how many people bid for these jobs, how transparent is the bidding process and who are the people that are to manage the process. How do they get their nomination, is it done in the open? Although the GMOU works by what they called OPPG, Operational Policies and Principles Guideline which directs on how people could emerge to become operators of the GMOU, but that was not the agreement, that is another issue. The agreement or the understanding have been signed by the communities and the oil companies at the instance of the government, now you brought in a document to attach to that one that it is this one that you will follow its

principles. They are not party to the OPPG, the OPPG says an agreement has been set up, either the CPs or the Cluster Development Bodies (CDBs) are to run for 3 years, but the agreement (the understanding) of the GMOU is for 5 years. So those who went and find out said whether it is an OPPG or not we know we signed an agreement for 5 years and we have to be there for 5 years. And that cannot be, and why should that be a problem; I have served for 3 years, the guideline says to make this thing successful, after 3 years I should go, another people from the community should come in. If not for the element of greed why is it that I, I alone studied in Harvard or in Makerere that knows how to work for the community alone and after 3 years the guideline says I should go, I insist that unless I go through 5 years and I'm not supposed to be a paid worker in that process. So if I am not greedy, 3 years is enough for me to have served my community and if the community so say I should come back, I'll come back after 3 years. So these are all areas of interest and conflict in the GMOU as a model; human beings in the communities are not very transparent, the processes that will throw up the operators of the GMOU itself how do they come by these processes, is a problem. The community chief may decide to select just 2, 3 persons to say these are the members of this committee. I was involved in Niger Delta Professional for Development (NIPRODEV) mentoring the former Central Cluster for SPDC GMOU for South Ijaw LGA in Bayelsa State. They were working with 16 communities; we went to the communities as the NGO sent us for that job to ensure community participation in the negotiation process, so we went gathered the community and said look bring three people. These persons are to be trained at least one woman among them; when they have got that training they will go and engage the oil company to negotiate the GMOU. After signing, then your community will produce another 10 persons who will form the Cluster Community Trust; from the 10, they will now take two persons each from each community to form the CDC for the entire cluster. We went to some communities and community leaders were telling us we should not gather the entire community, we should just give them the paper, they will give the names. We said no, gather your community, let the community come with these three names and after negotiations we will still come back to you, you will give us ten names and the process of getting the 10 persons must be across board. And when we get the 10 names we are still coming back to your community to show the people these are the 10 names we got from this place duly signed by two or three persons, are these your members? Are these the community people?

Were you aware of the selection process? Yes. It is only when these are done we proceed, but some NGOs will not have that integrity they don't believe in such they just go there __ and definitely when it bounce back to community then it triggers conflict in the community. Once the community decides to hide the processes and people emerge, it also underscores the fact that those who have emerged will be manipulating the system for them. They are not supposed to be workers in the state, they are not salaried and for service to people, they ought not to even take contracts within the system. But they bring in cronies, they sometimes take, they call it single source and now do the contracts themselves. And it annoys community people, these are community development jobs where the communities have to think about, look and then identify people who will do these things for them and own the process. But sometimes you will even find community representatives in the board taking the jobs without informing the community the truth about it such are there, in my LGA where I come from where every CDC has its own advisory board, the Project Advisory Committee members for the entire Ekpetiama clan took almost all the community development jobs, which is not fair.¹¹ Having worked from the development orientation point, we shy away from taking jobs from those people; even when my name was mentioned as secretary to the community I said no. We don't need to and we don't even need to use that to make gains for ourselves, it is for community development.¹² Let us appoint a committee that will do this job, give them a percentage to at least run the thing and then small small, the entire gain should come back to the community. After a time we look at how much we have and say what are we going to do with this money, they decided to say no it's a contract, I said if it is a contract, go and register with SPDC and then struggle for contracts; even in the high sea where Shell operates you can go and get contracts if you register with them. So leave community jobs for community interests not for individual interests, because if you give to any of my younger brothers I will look at him, if I am given, my brother will look at me. So let us do this thing for community, but our people refused; so these are the problems of GMOU, so you see some people say GMOU is a government and oil company gimmick to come and divide us, cause more problems for us and it happens, it happens. It is the truth because the contracting process has disorganized the community, every person wants to get it and gain out of one job, two classroom block or one small civic auditorium like thing, 3, 4,5, 7 contractors will bid for it and the bidding process because is not clear, it gives

room for rumors, it gives for suspicion. Where people have pointedly accused the operator saying, 'I gave you 300,000, 200,000 naira to get this job why didn't you give me. You promised me heaven and earth else, you'll give me my money'. So the GMOU as a conflict management tool, the concept is okay but the implementation process, we may not directly blame the oil companies but we have to check ourselves. If this model is not good for us because we cannot tie our greed and accept development, then we should discard it and we can only accept it when we all accept to do it openly; the open thing. That is when GMOU will be a success, more so like we are all stakeholders; the oil companies themselves they have been ___ before to such an extent that it gives room for conflict in communities. They say they are paying them milestone or trench payment, sometimes the contractor may have finished contract and it takes three months, because of verifications. This person has to come in to sign this, this person must do this before this is done, so the man has exhausted all he has on this project and he is waiting for payments. Community will be looking at him, rumors not being managed properly but we do; then they will say he has taken all the money he is not completing the job. So that is my take here.

Q14: Alright sir. Now, would you say there was any agreement before oil exploration in Bayelsa in more than 40, 50 years? And before the first process, would you say there was any form of agreement at the beginning?

ANS: It is unfortunate, even this GMOU as we have mentioned openly that it is not just suitable so it is not an agreement; the GMOU is not an agreement. If there is an agreement, it is between the government which claims to own everything and it is not to the knowledge of the communities. Between the communities and the oil companies, it is not an agreement; they say we can't take these GMOU defaulters to court so it is not an agreement. So it is just an understanding, there has never been an agreement between our community and the oil companies, because from when I was an infant to now we used to see them anchoring about with barges and then line up through our ponds, our fishing lakes and all of that in search of oil. There was no agreement as of that time, I mean I am afraid they were not even meeting the community leadership and it was so unlike now that people have awareness, so there was no agreement. I am not aware.

Q15: So, I mean you just said something very interesting now about the fact that the GMOU itself, a defaulter cannot be taken to court, cannot be called to account, to be accountable for it, so I mean what kind of contract is it then if...

ANS: ...yes...

Q16: ...and it is documented. In fact it is signed...

ANS: ...yeah. Like we said, it is not a legal document that can be used; you cannot take it to court. We asked a lawyer what can be done about that, he said as far as that agreement remains the way it is being made, if that understanding is signed the way it is, it can never be. Even if we put, he came up with a solution like if we impact justiceable clause that this understanding could be prosecuted or tendered in court, then it is now used in that language. But for now the way it is, he was a member of Project Advisory Committee of Shell Gbarain-Ekpetiama Cluster GMOU.

Q17: And you think that cuts across for all the GMOUs?

ANS: yeah, all the GMOUs

Q18: Is it a deliberate attempt by the companies?

ANS: In fact the document was produced by the oil companies, all the communities did was to look at it...

Q19: ...and agree?

ANS: ...and sign the document because I was even aware of, 2 or 3 communities or people that raised objection to it, saying we don't like this, what is the essence of this, they say package, in terms of the negotiation, pack this we will come back to it. At the end of the day, the government can then push us over; some people even went out and they are not signing unless those areas were addressed. They were able to call them, they came back and they all signed. The communities simply adopt what the oil companies have proffered, the argument that the oil companies proffered was that if they tamper with the document the way the communities are suggesting, it will make it less global as it is the Global Memorandum of Understanding. So, it will make it less global, the global essence of it. I don't understand.

Q20: And it is renewable?

ANS: After 5 years

Q21: After 5 years, and nobody deemed it necessary to insert those things gradually at certain points in time when you are renewing?

ANS: I think after 5 years they are reviewing it and I think the community is enlightened. And in another area too when you mention communities to the extent that they argue this thing, some of the community people will jump out to the side of the oil companies, 'you are delaying this thing, just sign this thing, what are you wasting time. This people are ready to give us money for contract, what are you wasting time'. Another thing, the concepts of the environment is downplayed, we are not even looking at infrastructure that they will bring in. How do you marry the two, if they are giving you 50 million per annum and you will use this to build one building what damage is their activity causing to the environment within that one year, they don't factor it into the 50million. What parameter assumed or parameters are used to come by it, is it production? If it is production who knows how much they produce, from each area that they operate. If it is destruction who knows what and what, and it is can quantify over time. Is it just one cassava tree that are doing? With this cassava tree that they have uprooted, could it not have been planted the following year? The promulgate law, that they come and concrete the whole place build a platform where you can no longer go back to as far as that thing remains there and it will remain there. So what are you factoring into the figures, they are not explained to communities and when communities ask there will be community warfare. And communities have also aid in the process of driving, they supposedly driving development to the communities, like Dodo river community operated by Chevron and one other group. Chevron and some communities, part of them are in Bayelsa, parts of them are in Delta..... (He takes a knock on his door)

Q22: Oh you were talking about Dodo River in Delta and Bayelsa...

ANS:yeah we asked were they aware of..., were they part of the conceptualization of the GMUO process? They said no. Are you satisfied with what you signed? They said they were not satisfied but theirs have been a story of neglect; they have been neglected over the years so they just saw this as an opportunity that will give them one or two things through that support so they just embraced it. But because there is an opportunity for them to review the process from here, to come up with certain ideas that are interesting to them to

introduce in the review process. So we pray if they are competent enough, they have capacity to engage the oil companies, there will need to be some kind of legal tinkering of the document.

Q23: Ok. Now talking about the GMOUs and bearing that in mind; what would you describe as the situation with regards to communication between the communities and the companies?

ANS: No communication is very bad, it is poor; that is another area, when not properly managed is..., we call it language of communication because it escalates conflicts when not properly managed. The sociology of communication itself is also uncertain, does the traditional ruler know how to convince his community with the type of words he has to use; does the contractor who bids and fails understand the process so much that the way he talks would not hurt the next person and of course what is the oil company's role in all this, the way they communicate with the community. While they emphasize transparency, the places that transparency do not succeed, what do they do? Are they not part of not making it transparent? Communities where people decide to sign a document quietly together who is transparent in this place? Do you think these companies..., Shell does not come into the community with one big umbrella, it is individuals that come, that will come for negotiations.

Q24: So, considering that the communication is low, how does that impact on trust?

ANS: That is the basic, when you hide the things I'm supposed to know and I get it from elsewhere, I mean it reduces the concept of trust. If we are supposed to gather the whole town to appoint three persons to negotiate the process and hours, 4years, 4 weeks later I hear that our community have signed something and I've not travelled out to anywhere, I am in the community; I will instruct the community leaders and for those people who dealt with them how will they trust them, they will not. Like for His Royal Highness, the Amanyanaowei of Pereamabiri, the Paramount Ruler of Pereamabiri, Shell decided to deal with mere touts of the community and they've been avoiding him the traditional ruler, so this is the communication.

Q25: Okay. Now you just mentioned something I was going to ask about when you talked about the traditional ruler now. What is the role, what do you think

is supposed to be their place, the place of traditional rulers and leadership, communities, councils, elders council and CDC? So those who are supposed to represent the interests of the people, what do you think should be their role and what have they been doing in recent times to the best of your knowledge?

ANS: Ostensibly theirs is for unbridled, open, participatory community development. They alone cannot do it, they should carry every person along in the process of governance; that it has come back to what we have been doing in our own little way as an NGO or a CBO, conflict prevention method. We hinge it on the ability of the leadership carrying along the entire people through participatory approach to issues in the community. Shell in the OPPG, the GMOU operational guideline says this thing should be done in the open, gender, everything should be incorporated; all segments of society in the community should be part of the process. But unfortunately because they now know that these things will bring in droppings, small small funds to the community, most community leaders not all of them have decided to block out the rest of the society, the community and call in friends and relations and they are doing the thing as if it is their private thing and that is unfair.

Q26: Alright sir. We have talked about the GMOU mostly it is still something very interesting to me and I wanted to find out in terms of the relationship which we are trying to look at, who depends on whom more between the community and company? What is the level of dependence?

ANS: Yeah, the dependence is more; the community is depending on the oil company.

Q27: Why is it so?

ANS: It is because of the level of the level of poverty in the community, viz a viz the misunderstood wealth that is at the other end of the oil companies now; and that not being unequal footing is the cause even the conflict. One side seem to be influencing the other side, in favor of the other side; the relationship is such that they tend to worship the oil companies. It is only when what they feel they will get peacefully, the oil company is not bound in that territory the people become chaotic, altercations may erupt; people start to block here, block here and yet it is still the oil company that still comes back to do it for them.

Q28: Okay. So what's the level of influence of the communities on the oil companies, how much influence do they have?

ANS: Yeah, here again, it is not universal, it is not across board, it depends on the aptitude or the capacity of some community persons to organize. Where they organize themselves in such a way and engage the companies, they come down in a true process, especially when women decide to take over platform and oil installations. The capacity and if women are going somewhere, we are not ruled by our women till today, we are not yet ruled by a woman, the community is pure, it is quite involved. It is the capacity of the men and women, the men will be also there to direct the affairs with the level of capacity of the community. Some women have gone and have misbehaved and could not make any success because they were not properly guided, so it depends on the level of capacity of the community. Once a community is rightly guided, they make more impact on the oil company and sometimes they are raped, that is another wrong aspect of it; the only way to attack is when after something.

Q29: Ok sir. In all of these now, because you just talked about them raping, what do you think should be the role of government, what has been the role of government?

ANS: It is unfortunate, government when it comes to the oil industry, I don't know whether we don't have other things that are making money like here, that is why it is so, I can't tell. The government plays a protectionist role; they see any person that is at loggerheads with the oil companies as an enemy of government; that is why I say government if pushed up have become almost half of the multinational companies. They have permanent military apparatus, military presence in the oil communities and there are personnel too; not because of even kidnapping, I think it goes beyond that. Now the whole place is quiet yet they still have these people all around the place, because oil remains the source of government revenue so whatever that happens to the oil companies is considered as having happened to the government. So theirs have been a kind of, to play a mediatory role between the communities and the oil companies but then protecting the oil companies to an extent always.¹⁴

Q30: Alright sir. On a final note, would you have any other comments to make with regards to this?

ANS: The GMOU first have an impactful mechanism, this idea, the concept of relations, marking relation; that is what the GMOU is meant to do, to mark these relations. It is a good tool, if all parties can be sincere and how could all parties become sincere? Let all share in the concept, this idea of Shell or the oil companies through some years of experience with the oil came up with this thing; they shouldn't have introduced it but could have come up to the communities with the model. Engage communities, let them buy in but they should also give some open spaces to communities to make their input; not a prepared document and come and say to the communities 'look through this document and sign it'. And then how do you come about the annual money you are estimating? Although some would say the oil company is productive, they are only playing a big uncle role they are not covered, government is the father. I agree but before you come to that your big uncle role, tell us what and what you're doing around me that makes you feel you could give me that favor; then I should know whether to say thank you to you or I say it is not enough you're only doing it for your sake. So let us know the criteria by which you arrive at the money. In situations like Boma Central Cluster where 16 communities are clustered together and you're giving them N48m for the year; 16 communities, N48m. Administrative costs, all of them are embedded there and these are villages that are sometimes far flung and for them to get to their headquarters which is another far place, you expect them to have their office in Yenagoa; that will have workers, 48m for all these for 1 year. They are shoring up conflict in the communities, what is the sharing formula going to be; so let the communities should have some say, either make it a percentage of how much you get from their community. In your account whether you are in agreement with government or not if you want to do something for the community, let it be that this percentage is what I'm taking from this, so out of this I want to do put back this into the community. Then they know how to share; my own is pipeline, my own is flow station, my own is flare or whatever, or my own is emission into the environment, these are the things they should consider but it is not there. So if the GMOU becomes a practical successful working tool, we'll have a cordial, fruitful and working relationship with each other. Almost on all the stakeholders there must be transparency in all and accountability at all the levels of the community, and then at the level of the oil companies, there must be openness and commitment to what you have promised the people. Not when you say you're paying tranches, like Nembe/Basambiri Cluster, SPDC too,

as at last year December, they were still owing the third tranche payment. These are things that will definitely not make for good in the process; it cannot function as a good complete management tool. And apart from that, let government also think about its role, let government buy into the GMOU concept and work towards achieving the goals of the GMOU. This passive mediatory role they play is not encouraging enough, after all the companies insist that clustering the communities was done by the government and the company so if they had clustered people together, also fracture into their development process as they are clustered. They can budget some funds and pass through those places____. Well, generally about the legal regime that governs the oil industry, it needs to be looked at once again to allow for a good social relation among the key stakeholders. Let the law be a little tinkered with from the constitution, since 13% was agreed it has never been affected again, meanwhile it was sold at below 57 dollar, it is now 100 and something or so it is still the same as it has been in the oil industry. And then our people should be transparent in our dealings with communities and the oil companies.

Q31: Thank you so much sir, I really appreciate your time and the level of insight you've given to further help this work go on, thank you once again.

Annotations

¹ Another reflection of how the expectations of the people are high as a result of the revenue generated from the area since the exploration of oil began in the country. This respondent puts it at between 96% and 98% of the annual revenue generated by the country.

² The government is once again not deemed to be doing enough to be considered as being close to the people, as a result it has relinquished its place of being considered the most important stakeholder to the oil companies.

³ The oil companies are given the position of the most important stakeholders as a result of their proximity or closeness to the host communities, even in their daily operation of the industry. This could also explain why they are usually the main targets whenever there is a negative reaction from the communities.

⁴ These relationships are dynamic in nature, sometimes chaotic while at other times they could be cordial. The kind of relationship at any particular point in time is determined by the level of compliance with the agreements reached by the various stakeholders.

⁵ The management of stakeholder relationships is meant to be the responsibility of the various stakeholders since they all have their roles and benefits from the smooth running of the industry.

⁶ The communication is also expected to be smooth within communities and not just when it is between them and the oil companies or government. This is also seen as another source of crisis or conflict in the industry as members of society do not always seem to know what exactly is going on between their communities as represented by the community leadership and the oil companies operating around them.

⁷ The stakeholders all have their responsibilities within the GMOU arrangements, with the oil companies providing funding for projects while the host communities ensured that the result of such projects is the peace that allows oil operations to run smoothly without any disturbances.

⁸ The contracts or agreements entered into between host communities and oil companies in the industry, in the form of MOUs and GMOUs have been seen as being noble in spite of their label as being wholly originating from the oil companies with little contribution from the host communities. It has witnessed some challenging times when it comes to the implementations of what is in the agreements entered into.

⁹ The non-participatory nature of the agreements entered into leads to transparency issues arising, which could lead to the collapse of the whole process.

¹⁰ There is also the perception that the oil companies are more keen on undertaking projects that result in physical structures because it is easier for people to see such than they would see things that are intangible like scholarships, human empowerment and manpower development. The reason given for this is because it helps the publicity and marketing of these multinational companies who are always looking to improve their brand's value and be seen as doing what is deemed ethically right and socially responsible.

¹¹ The corruption in the system is not just in government circles, as even the community leaders and representatives are also guilty of protecting their personal interests without any regard for those they are meant to be representing. This jeopardises the level of development and empowerment that is meant to come into the communities.

¹² There is the role played by a lack of integrity amongst those representing the people or mediating between the people and the oil companies, and this is key to ensuring that there real and proper representation and mediation between the stakeholders.

¹³ There is a claim that there has never been any form of contract between the host communities and the oil companies operating in the region. This is made even serious by the argument that even the supposed agreement in the form of a GMOU was no agreement at all as the host communities made no contributions to it in any way, so it cannot be referred to as an agreement.

¹⁴ The government is presented here as always working to protect their JV (Joint Venture) shareholdings in these multinational companies and because of that would go to any length just to ensure that the oil operations are not disrupted in any way whatsoever.